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FEBRUARY 1971

MARKETING & TRANSPORTATION Situation

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CURRENT SERIAL RECORDS



MARKET FACTS

| Item | Unit or base period | 1969 | | 1970 | | |
|---|------------------------|--------|----------|-------|----------|----------|
| | | Year | 4th qtr. | Year | 3rd qtr. | 4th qtr. |
| Farm-Retail Price Spreads: 1/ | | | | | | |
| Retail cost | Dol. | 1,174 | 1,199 | 1,225 | 1,235 | 1,214 |
| Farm value | Dol. | 478 | 490 | 480 | 482 | 448 |
| Farm-retail spread | Dol. | 696 | 709 | 745 | 753 | 766 |
| Farmer's share of retail cost | Pct. | 41 | 41 | 39 | 39 | 37 |
| Retail Prices: 2/ | | | | | | |
| All goods and services (CPI) | 1957-59=100 | 127.7 | 130.5 | 135.3 | 136.1 | 137.9 |
| All food | 1957-59=100 | 125.5 | 128.4 | 132.4 | 133.4 | 132.7 |
| Food at home | 1957-59=100 | 121.5 | 126.5 | 127.7 | 128.5 | 127.3 |
| Food away from home | 1957-59=100 | 144.6 | 149.0 | 155.4 | 156.8 | 158.6 |
| Wholesale Prices: 2/ | | | | | | |
| Food 3/ | 1957-59=100 | 119.0 | 122.1 | 122.9 | 123.8 | 121.4 |
| Cotton products | 1957-59=100 | 105.2 | 106.0 | 106.3 | 106.2 | 107.1 |
| Woolen products | 1957-59=100 | 104.6 | 104.5 | 102.7 | 102.3 | 100.6 |
| Agricultural Prices: | | | | | | |
| Prices received by farmers | 1957-59=100 | 114 | 117 | 116 | 116 | 112 |
| Prices paid by farmers, interest, taxes and wage rates | 1957-59=100 | 127 | 129 | 132 | 133 | 135 |
| Prices of Marketing Inputs: | | | | | | |
| Containers and packaging materials | 1957-59=100 | 115 | 116 | -- | 120 | -- |
| Fuel, power, and light | 1957-59=100 | 105 | 108 | -- | 122 | -- |
| Services 4/ | 1957-59=100 | 146 | 149 | -- | 157 | -- |
| Hourly Earnings: | | | | | | |
| Food marketing employees 5/ | Dol. | 2.84 | 2.89 | -- | 3.04 | -- |
| Employees, private nonagricultural sector 2/ | Dol. | 3.04 | 3.12 | 3.22 | 3.26 | 3.29 |
| Farmers' Marketings and Income: | | | | | | |
| Physical volume of farm marketings | 1957-59=100 | 126 | 165 | 127 | 127 | 166 |
| Cash receipts from farm marketings 6/ .. | Bill. dol. | 47.2 | 47.6 | 48.7 | 48.8 | 48.0 |
| Farmers' realized net income 6/ | Bill. dol. | 16.2 | 16.2 | 15.8 | 15.7 | 14.9 |
| Industrial Production: 7/ | | | | | | |
| Food manufacturers | 1957-59=100 | 136.7 | 135.8 | -- | 139.0 | -- |
| Textile mill products | 1957-59=100 | 154.2 | 151.4 | -- | 145.7 | -- |
| Apparel products | 1957-59=100 | 149.2 | 147.5 | -- | 140.3 | -- |
| Tobacco products | 1957-59=100 | 117.3 | 115.0 | -- | 123.8 | -- |
| Retail Sales: 8/ | | | | | | |
| Food stores | Mil. dol. | 75,866 | 19,315 | -- | 20,435 | -- |
| Eating and drinking places | Mil. dol. | 25,849 | 6,589 | -- | 7,020 | -- |
| Apparel stores | Mil. dol. | 20,158 | 5,077 | -- | 5,069 | -- |
| Consumers' Per Capita Income and Expenditures: 9/ | | | | | | |
| Disposable personal income | Dol. | 3,108 | 3,188 | 3,333 | 3,369 | 3,378 |
| Expenditures for goods and services ... | Dol. | 2,842 | 2,904 | 3,003 | 3,024 | 3,042 |
| Expenditures for food | Dol. | 518 | 530 | 556 | 559 | 566 |
| Expenditures for food as percentage of disposable income | Pct. | 16.7 | 16.6 | 16.7 | 16.6 | 16.7 |

1/ For a market basket of farm foods. 2/ Dept. of Labor. 3/ Processed foods, eggs, and fresh and dried fruits and vegetables. 4/ Includes such items as rent, property insurance and maintenance, and telephone. 5/ Average hourly earnings of production workers in food processing, and nonsupervisory workers in whole-sale and retail food trades, calculated from Dept. of Labor data. 6/ Quarterly data seasonally adjusted at annual rates. 7/ Seasonally adjusted, Board of Governors of Federal Reserve System. 8/ Quarterly data seasonally adjusted, Dept. of Commerce. 9/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. Percentages have been calculated from total income and expenditure data.

MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board, February 9, 1971

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SUMMARY*

The farm value of foods in the market basket in the first half of 1971 is expected to average near the reduced level of the final quarter of 1970 and then rise moderately in the latter half of the year. The average for all of 1971 may be below 1970. The marketing spread will likely widen sharply again. Costs of marketing inputs also may rise substantially. The increase in the spread, although anticipated to be much below last year's rise of 7 percent, will probably more than offset the decline in farm value. As a result, the retail cost of market basket foods may average slightly higher this year.

Marking the first quarterly decline in 3 years, the retail cost of a market basket of farm-originated foods declined 1.6 percent in the fourth quarter last year to an annual rate of \$1,214. Retail costs for these foods reached a low for the year in November.

Returns to farmers (farm value) for market basket foods were down sharply in the fourth quarter to an annual rate of \$448 -- 7.0 percent less than in the third quarter and 8.5 percent below a year earlier. Decreases were sharpest for meat animals (primarily hogs), poultry, eggs, and fresh vegetables.

The marketing system absorbed about half of the drop in returns to farmers for market basket foods in the fourth quarter. The marketing spread, as measured by the differences between the retail cost and farm value of the market basket, averaged \$766 in the fourth quarter. This was 1.8 percent wider than in the previous quarter and 7.9 percent wider than a year earlier. Spreads increased more than usual for most products in the market basket, led by meat products (mainly pork).

Changes in market basket totals in the fourth quarter differed considerably from those for the year. Average annual changes in the market basket from 1969 to 1970 include:

**Higher retail costs, by 4.4 percent or \$51.

**Little change in farm value, up 0.5 percent or \$2.

**Increased marketing spreads, by 7.0 percent or \$49.

**Smaller farmer's share of the market basket food dollar, down 2 cents to 39 cents.

*The summary of this report and a summary table were released to the press on February 9, 1971.

FARM-FOOD MARKET BASKET STATISTICS

Fourth Quarter 1970

Retail Cost: In response to larger supplies of some commodities, retail prices for farm foods dipped in the fourth quarter of 1970 (table 1). This drop was the first quarterly decrease since the fourth quarter of 1967.

The retail cost of a market basket of farm originated foods ^{1/} averaged \$1,214 (annual rate) in the fourth quarter, down \$20 or 1.6 percent from the previous quarter. Lower prices for meat products (mainly pork), poultry, eggs, and fresh fruits and vegetables more than offset higher prices for other foods.

Farm Value: The farm value of market basket foods reached a record high in the first quarter of 1970, but declined each subsequent quarter. The farm value of foods in the market basket was \$448 (annual rate) in the fourth quarter -- 7.0 percent lower than the previous quarter. Lower returns to farmers for meat animals, especially hogs, accounted for most of the greater-than-seasonal decline. Returns for poultry, eggs, and fresh fruits and vegetables also declined substantially. These declines were partially offset by increased returns for other farm food commodities, particularly soybeans.

Returns to farmers for market basket foods in the fourth quarter of 1970 averaged 8.5 percent below the same quarter of a year earlier. Prices received by farmers for some foods decreased -- eggs, 30 percent; fresh vegetables, 25 percent; and meat animals, 15 percent. Although not nearly enough to counter these declines, values of several products rose substantially. For example, the farm value of oilseed products was up 40 percent over 1969 and fresh fruits were up 12 percent.

Farm-Retail Spread: As usually occurs when the farm value declines, the marketing spread widened in the fourth quarter of last year. The spread between the retail cost and the farm value of the market basket of farm foods averaged \$766. This was 1.8 percent more than in the third quarter, and 7.9 percent more than a year earlier. Much wider spreads for meat products, particularly pork, accounted for most of the increase. In contrast, spreads for fresh vegetables and fats and oils products decreased. Compared to a year ago, increases in marketing spreads were more general with most product groups showing substantial increases.

Farmer's Share: Farmers received an average of 37 cents of each dollar consumers spent for market-basket foods in the fourth quarter of 1970 -- 2 cents less than in the previous quarter, and 4 cents less than a year earlier.

^{1/} The market basket contains the average quantities of domestic, farm-originated food products purchased annually per household in 1960 and 1961 by wage-earners and clerical worker families and single workers living alone. Its retail cost is calculated from retail prices published by the Bureau of Labor Statistics. The retail cost of the market basket foods is less than the cost of all foods bought per household, since it does not include cost of meals in eating places, imported foods, seafoods or other foods not of farm origin. The farm value is the gross return to farmers for the farm products equivalent to foods in the market basket. The farm-retail spread -- difference between the retail cost and farm value -- is an estimate of the total gross margin received by marketing firms for assembling, processing, transporting, and distributing the products in the market basket.

Table 1.--The market basket of farm foods by product group: Retail cost, farm value, and farm-retail spread, October-December 1970, July-September 1970, October-December 1969

| Items | October- December 1970 | July- September 1970 | October- December 1969 | Change: October-December 1970 from | | | |
|--|------------------------------|----------------------------|------------------------------|------------------------------------|---------|--------------------------|---------|
| | | | | July-September 1970 | | October-December 1969 | |
| | Dollar | Dollar | Dollar | Dollar | Percent | Dollar | Percent |
| Retail cost 1/ | | | | | | | |
| Market basket | 1,214.23 | 1,234.51 | 1,199.42 | -20.28 | -1.6 | 14.81 | 1.2 |
| Meat products | 365.87 | 379.50 | 369.38 | -13.63 | -3.6 | -3.51 | -1.0 |
| Dairy products | 221.33 | 218.94 | 211.84 | 2.39 | 1.1 | 9.49 | 4.5 |
| Poultry | 48.23 | 49.32 | 51.25 | -1.09 | -2.2 | -3.02 | -5.9 |
| Eggs | 41.34 | 42.60 | 50.25 | -1.26 | -3.0 | -8.91 | -17.7 |
| Bakery and cereal products | 187.29 | 184.97 | 176.59 | 2.32 | 1.3 | 10.70 | 6.1 |
| Fresh fruits | 48.94 | 55.81 | 45.86 | -6.87 | -12.3 | 3.08 | 6.7 |
| Fresh vegetables .. | 75.10 | 80.14 | 78.74 | -5.04 | -6.3 | -3.64 | -4.6 |
| Processed fruits and vegetables ... | 128.71 | 127.53 | 125.17 | 1.18 | .9 | 3.54 | 2.8 |
| Fats and oils | 42.09 | 41.15 | 38.14 | .94 | 2.3 | 3.95 | 10.4 |
| Miscellaneous products | 55.33 | 54.55 | 52.20 | .78 | 1.4 | 3.13 | 6.0 |
| Farm value 2/ | | | | | | | |
| Market basket | 448.21 | 482.17 | 489.71 | -33.96 | -7.0 | -41.50 | -8.5 |
| Meat products | 174.63 | 205.34 | 205.30 | -30.71 | -15.0 | -30.67 | -14.9 |
| Dairy products | 105.85 | 104.19 | 103.14 | 1.66 | 1.6 | 2.71 | 2.6 |
| Poultry | 21.30 | 22.66 | 24.13 | -1.36 | -6.0 | -2.83 | -11.7 |
| Eggs | 24.90 | 27.06 | 35.40 | -2.16 | -8.0 | -10.50 | -29.7 |
| Bakery and cereal products | 36.49 | 35.56 | 34.03 | .93 | 2.6 | 2.46 | 7.2 |
| Fresh fruits | 14.69 | 16.05 | 13.18 | -1.36 | -8.5 | 1.51 | 11.5 |
| Fresh vegetables .. | 21.10 | 24.92 | 27.98 | -3.82 | -15.3 | -6.88 | -24.6 |
| Processed fruits and vegetables ... | 25.03 | 24.44 | 26.42 | .59 | 2.4 | -1.39 | -5.3 |
| Fats and oils | 14.01 | 11.92 | 10.33 | 2.09 | 17.5 | 3.68 | 35.6 |
| Miscellaneous products | 10.21 | 10.03 | 9.80 | .18 | 1.8 | .41 | 4.2 |
| Farm-retail spread | | | | | | | |
| Market basket | 766.02 | 752.34 | 709.71 | 13.68 | 1.8 | 56.31 | 7.9 |
| Meat products | 191.24 | 174.16 | 164.08 | 17.08 | 9.8 | 27.16 | 16.6 |
| Dairy products | 115.48 | 114.75 | 108.70 | .73 | .6 | 6.78 | 6.2 |
| Poultry | 26.93 | 26.66 | 27.12 | .27 | 1.0 | -0.19 | -0.7 |
| Eggs | 16.44 | 15.54 | 14.85 | .90 | 5.8 | 1.59 | 10.7 |
| Bakery and cereal products | 150.80 | 149.41 | 142.56 | 1.39 | .9 | 8.24 | 5.8 |
| Fresh fruits | 34.25 | 39.76 | 32.68 | -5.51 | -13.9 | 1.57 | 4.8 |
| Fresh vegetables .. | 54.00 | 55.22 | 50.76 | -1.22 | -2.2 | 3.24 | 6.4 |
| Processed fruits and vegetables ... | 103.68 | 103.09 | 98.75 | .59 | .6 | 4.93 | 5.0 |
| Fats and oils | 28.08 | 29.23 | 27.81 | -1.15 | -3.9 | .27 | 1.0 |
| Miscellaneous products | 45.12 | 44.52 | 42.40 | .60 | 1.3 | 2.72 | 6.4 |

1/ Retail cost of average quantities purchased annually per household in 1960-61 by urban wage earner and clerical-worker families and single workers living alone, calculated from retail prices collected by the Bureau of Labor Statistics.

2/ Payment to farmer for equivalent quantities of farm products minus imputed value of byproducts obtained in processing.

Market Basket Review of 1970

Retail Cost: Consumers paid \$1,225 for market basket foods last year, up 4.4 percent from 1969 (table 2). Despite price declines in the latter part of the year, the rise in the retail cost of the meat products accounted for almost two-fifths of the increase in the market basket. Higher prices for dairy products accounted for a fifth of the increase and bakery and cereal products for another fifth. In contrast, retail costs for poultry and eggs and fresh fruits declined slightly.

The retail cost of market basket foods has risen at about the same rate as the general price level in the past few years. However, over the past decade the retail cost rose 25 percent, compared with an increase of 35 percent in the Consumer Price Index for all goods and services.

Farm Value: The farm value of foods in the market basket averaged less than 1 percent higher in 1970 than in 1969 (table 2). The small gain was limited by increased supplies and lagging consumer demand.

Since 1964 returns to farmers for these foods have risen sharply each year except 1967. In 1970, lower returns for poultry, eggs, fresh fruits, and processed fruits and vegetables nearly offset the rise in returns for other products in the market basket. Farmers' prices for farm foods peaked in the first quarter of 1970, then declined. Between the first quarter and fourth quarter, the farm value declined 12 percent.

The farm value of market basket foods has risen 25 percent since 1957-59, the same percentage as retail costs. Farm value rose significantly in both 1965 and 1966, mainly because of reduced supplies of meat animals. After declining in 1967, it increased sharply in 1968 and 1969.

Farm-Retail Spread: Widening marketing spreads contributed most to the rise in the retail cost for market basket foods in 1970. The spread between the retail cost and farm value jumped 7.0 percent from 1969 to 1970, the sharpest rise since 1951. The spread had increased only 1.9 percent in 1969 and 2.6 percent in 1968. Marketing spreads climbed steeply in each quarter of 1970. The increase accounted for 95 percent of the increase in the retail cost of farm-originated foods.

Sharply increased marketing spreads in 1970 accompanied a sharper than usual rise in operating costs of food marketing firms. Earnings of employees in food marketing averaged \$3.01 per hour in 1970. This was 6 percent above 1969. Hourly earnings had increased about the same rate in 1969 and 1968, by about 5 percent in 1967, and 4 percent in 1966. Improvements in output per man-hour have offset little of the rise in wages in recent years. Prices of containers, packaging, materials, and other goods and services (not including raw materials and labor) also averaged substantially higher in 1970.

After-tax profits of food marketing corporations averaged 2.3 percent of sales in the first 3 quarters of 1970 -- about like the same period of 1969, according to data compiled by the Federal Trade Commission and Securities Exchange Commission. After-tax profits of 15 leading retail food chains averaged 1.0 percent of sales in the first 9 months of 1970, down slightly from a year earlier.

Except for 1965, marketing spreads have increased every year since 1950. Annual increases were smaller for marketing spreads in the 1960's than in the 1950's -- 1.4 percent compared with 2.7 percent.

Table 2.--The market basket of farm foods by product group: Retail cost, farm value, and farm-retail spread, annual average 1969 and 1970

| Items | 1970 | 1969 | Change: | |
|--------------------------------------|---------------|---------------|---------------|----------------|
| | | | 1969 to 1970 | |
| | <u>Dollar</u> | <u>Dollar</u> | <u>Dollar</u> | <u>Percent</u> |
| Retail cost <u>1/</u> | | | | |
| Market basket | 1,224.99 | 1,173.54 | 51.45 | 4.4 |
| Meat products | 375.50 | 355.84 | 19.66 | 5.5 |
| Dairy products | 218.30 | 208.25 | 10.05 | 4.8 |
| Poultry | 49.80 | 50.69 | -0.89 | -1.8 |
| Eggs | 44.24 | 44.79 | -0.55 | -1.2 |
| Bakery and cereal products | 183.74 | 173.62 | 10.12 | 5.8 |
| Fresh fruits | 50.05 | 50.28 | .23 | -0.5 |
| Fresh vegetables ... | 81.52 | 76.24 | 5.28 | 6.9 |
| Processed fruits and vegetables | 126.97 | 124.81 | 2.16 | 1.7 |
| Fats and oils | 40.63 | 37.87 | 2.76 | 7.3 |
| Miscellaneous products | 54.24 | 51.15 | 3.09 | 6.0 |
| Farm value <u>2/</u> | | | | |
| Market basket | 480.32 | 477.79 | 2.53 | 0.5 |
| Meat products | 202.56 | 201.22 | 1.34 | .7 |
| Dairy products | 104.73 | 100.82 | 3.91 | 3.9 |
| Poultry | 23.00 | 25.27 | -2.27 | -9.0 |
| Eggs | 27.64 | 29.78 | -2.14 | -7.2 |
| Bakery and cereal products | 35.59 | 33.53 | 2.06 | 6.1 |
| Fresh fruits | 14.11 | 15.35 | -1.24 | -8.1 |
| Fresh vegetables ... | 25.72 | 25.08 | .64 | 2.6 |
| Processed fruits and vegetables | 24.63 | 27.05 | -2.42 | -8.9 |
| Fats and oils | 12.27 | 10.20 | 2.07 | 20.3 |
| Miscellaneous products | 10.07 | 9.49 | .58 | 6.1 |
| Farm-retail spread | | | | |
| Market basket | 744.67 | 695.75 | 48.92 | 7.0 |
| Meat products | 172.94 | 154.62 | 18.32 | 11.8 |
| Dairy products | 113.57 | 107.43 | 6.14 | 5.7 |
| Poultry | 26.80 | 25.42 | 1.38 | 5.4 |
| Eggs | 16.60 | 15.01 | 1.59 | 10.6 |
| Bakery and cereal products | 148.15 | 140.09 | 8.06 | 5.8 |
| Fresh fruits | 35.94 | 34.93 | 1.01 | 2.9 |
| Fresh vegetables ... | 55.80 | 51.16 | 4.64 | 9.1 |
| Processed fruits and vegetables | 102.34 | 97.76 | 4.58 | 4.7 |
| Fats and oils | 28.36 | 27.67 | .69 | 2.5 |
| Miscellaneous products | 44.17 | 41.66 | 2.51 | 6.0 |

1/ Retail cost of average quantities purchased annually per household in 1960-61 by urban wage earner and clerical-worker families and single workers living alone, calculated from retail prices collected by the Bureau of Labor Statistics.

2/ Payment to farmer for equivalent quantities of farm products minus imputed value of byproducts obtained in processing.

Farmer's Share: Increases in marketing spreads accounted for most of the rise in the retail cost of market basket foods last year. As a result, the farmer's share of the dollar consumers spent for these foods in retail food stores averaged 39 cents, 2 cents less than 1969 (table 3). In the 1960's the annual average farmer's share ranged from 37 to 41 cents.

Outlook for 1971

Consumers can expect retail prices of farm foods to average slightly higher in 1971 than last year. Lower returns to farmers are anticipated due to prospects for continued large supplies of farm foods. However, widening marketing spreads will likely be more than offsetting. The farm value of market basket foods will likely remain around fourth quarter levels during the first half of the year, then increase some during the latter half. The rise in retail prices, mostly in the last half of the year, will hinge on the movement in farm prices and on how much marketing spreads widen. Rising costs of marketing inputs are expected to keep pushing upward on marketing spreads. However, spreads are not expected to increase nearly as much as last year's 7.0 percent.

Operating costs of food marketing firms likely will increase again in 1971. Hourly earnings of food marketing employees will probably continue to rise, and the rise is not likely to be entirely offset by improvements in output per man-hour. Prices of most other marketing inputs are also expected to rise.

Commodity Highlights

Pork: During 1970 the supply of hogs increased sharply, accompanied by a very sharp decline in the farm price for hogs. In the first quarter last year the farm value of the quantity of live animal equivalent to a pound of pork at retail was at a record level of 48.1 cents. By the fourth quarter it had fallen to 28.4 cents (table 4). During the same period the retail price of pork decreased only

10.6 cents, consequently the farm-retail spread widened 9.1 cents. Thus, almost half of the decline in farm value was accounted for by widening marketing margins.

A 6.5-cent increase in the farm-wholesale spread, which includes the packer's margin, accounted for much of the increase in the total marketing spread. The remainder, 2.6 cents, occurred in the wholesale-retail spread which includes the retailer's margin.

Marketing spreads usually widen when farm prices fall and narrow when prices widen. However, the magnitude of the change last year was much more dramatic than usual.

Beef: Marketing spreads for beef increased in the fourth quarter of 1970 as plentiful supplies of red meat drove down cattle prices. Marketing spreads for Choice beef increased 2.8 cents from the third to the fourth quarter, to 39.5 cents. However, during the same period the farm value dropped 5.5 cents to 57.9 cents and retail prices decreased 2.7 cents to 97.4 cents per pound. Practically all of the fourth quarter increase in farm-retail spread occurred in the carcass-retail spread which includes the retail margin.

Marketing spreads rose almost 8 cents to a new general level of about 38 cents in mid-1969 when the farm value of cattle dropped precipitously (table 4). Although somewhat lower in the first 3 quarters of 1970, the new level was generally maintained despite changes in the farm value. During the 18-month period almost all of the increase was in the carcass-retail spread.

Fresh Vegetables: Abundant supplies of most fresh market vegetables caused both farm and retail prices to decrease in the fourth quarter of last year. The retail cost of fresh vegetables in the market basket was down 6.3 percent from the third quarter, reflecting a 15 percent decrease in farm value. Marketing spreads decreased about 2 percent.

Table 3.--The market basket of farm foods: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, averaged 1947-49 and 1957-59, annual 1960-70, monthly 1969-70 1/

| Year and month | Retail cost | Farm value | Farm-retail spread | Farmer's share |
|--------------------------|-------------|------------|--------------------|----------------|
| | Dollars | Dollars | Dollars | Percent |
| Average: | | | | |
| 1947-49 | 890 | 441 | 449 | 50 |
| 1957-59 | 983 | 388 | 595 | 39 |
| 1960 | 991 | 383 | 608 | 39 |
| 1961 | 997 | 380 | 617 | 38 |
| 1962 | 1,006 | 384 | 622 | 38 |
| 1963 | 1,013 | 374 | 639 | 37 |
| 1964 | 1,014 | 374 | 640 | 37 |
| 1965 | 1,038 | 408 | 630 | 39 |
| 1966 | 1,095 | 443 | 652 | 40 |
| 1967 | 1,080 | 414 | 666 | 38 |
| 1968 | 1,118 | 435 | 683 | 39 |
| 1969 | 1,174 | 478 | 696 | 41 |
| 1970 <u>2/</u> | 1,225 | 480 | 745 | 39 |
| 1969 <u>3/</u> | | | | |
| January | 1,138 | 447 | 691 | 39 |
| February | 1,136 | 452 | 684 | 40 |
| March | 1,141 | 460 | 681 | 40 |
| April | 1,150 | 462 | 688 | 40 |
| May | 1,157 | 473 | 684 | 41 |
| June | 1,178 | 494 | 684 | 42 |
| July | 1,190 | 497 | 693 | 42 |
| August | 1,197 | 495 | 702 | 41 |
| September | 1,196 | 485 | 711 | 41 |
| October | 1,187 | 478 | 709 | 40 |
| November | 1,195 | 491 | 704 | 41 |
| December | 1,216 | 499 | 717 | 41 |
| 1970 <u>2/ 3/</u> | | | | |
| January | 1,223 | 502 | 721 | 41 |
| February | 1,227 | 509 | 718 | 41 |
| March | 1,224 | 510 | 714 | 42 |
| April | 1,226 | 487 | 739 | 40 |
| May | 1,226 | 485 | 741 | 40 |
| June | 1,228 | 480 | 748 | 39 |
| July | 1,237 | 498 | 739 | 40 |
| August | 1,236 | 476 | 760 | 39 |
| September | 1,231 | 472 | 759 | 38 |
| October | 1,221 | 459 | 762 | 38 |
| November | 1,209 | 448 | 761 | 37 |
| December <u>2/</u> | 1,213 | 437 | 776 | 36 |

1/ Retail cost of average quantities purchased annually per household in 1960-61 by urban wage-earner and clerical-worker families and single workers living alone, calculated from retail prices collected by the Bureau of Labor Statistics. Data for earlier years are published in Farm-Retail Spreads for Food Products 1947-64, ERS-226, April 1965. 2/ Preliminary. 3/ Annual rates.

Table 4.--Beef, pork, and lamb: Retail price, carcass value, farm value, farm-retail spread, and farmer's share of retail price, annual 1967-70, quarterly 1969-70

| Date | Retail price per pound 1/ | Carcass value 2/ | Gross farm value 3/ | Byproduct allowance 4/ | Net farm value 5/ | Farm-retail spread | | | Farmer's share |
|--------------------|---------------------------------|------------------------|---------------------------|------------------------------|-------------------------|--------------------|--------------------|------------------|-------------------|
| | Cents | Cents | Cents | Cents | Cents | Total | Carcass- retail | Farm- Carcass | Percent |
| Beef, Choice grade | | | | | | | | | |
| 1967..... | 82.6 | 59.4 | 57.0 | 4.0 | 53.0 | 29.6 | 23.2 | 6.4 | 64 |
| 1968..... | 86.6 | 63.1 | 60.5 | 3.8 | 56.7 | 29.9 | 23.5 | 6.4 | 65 |
| 1969..... | 96.3 | 68.7 | 66.9 | 4.7 | 62.2 | 34.1 | 27.6 | 6.5 | 65 |
| 1970..... | 98.7 | 68.3 | 66.3 | 4.7 | 61.6 | 37.1 | 30.4 | 6.7 | 62 |
| 1969 | | | | | | | | | |
| Jan.-Mar. . . | 90.1 | 66.1 | 63.7 | 4.0 | 59.7 | 30.4 | 24.0 | 6.4 | 66 |
| Apr.-June. . . | 97.8 | 74.6 | 73.3 | 4.8 | 68.5 | 29.3 | 23.2 | 6.1 | 70 |
| July-Sept. . . | 101.0 | 69.7 | 67.9 | 5.1 | 62.8 | 38.2 | 31.3 | 6.9 | 62 |
| Oct.-Dec. . . | 96.3 | 64.3 | 62.9 | 4.9 | 58.0 | 38.3 | 32.0 | 6.3 | 60 |
| 1970 | | | | | | | | | |
| Jan.-Mar. . . | 98.1 | 68.6 | 66.6 | 5.0 | 61.6 | 36.5 | 29.5 | 7.0 | 63 |
| Apr.-June. . . | 99.3 | 69.3 | 68.2 | 4.9 | 63.3 | 36.0 | 30.0 | 6.0 | 64 |
| July-Sept. . . | 100.1 | 70.3 | 68.0 | 4.6 | 63.4 | 36.7 | 29.8 | 6.9 | 63 |
| Oct.-Dec. . . | 97.4 | 64.9 | 62.4 | 4.5 | 57.9 | 39.5 | 32.5 | 7.0 | 59 |
| Pork | | | | | | | | | |
| 1967..... | 67.2 | 51.5 | 37.3 | 2.5 | 34.8 | 32.4 | 15.7 | 16.7 | 52 |
| 1968..... | 67.4 | 51.7 | 36.7 | 2.2 | 34.5 | 32.9 | 15.7 | 17.2 | 51 |
| 1969..... | 74.3 | 58.5 | 45.5 | 3.2 | 42.3 | 32.0 | 15.8 | 16.2 | 57 |
| 1970..... | 78.0 | 58.7 | 42.9 | 3.4 | 39.5 | 38.5 | 19.3 | 19.2 | 51 |
| 1969 | | | | | | | | | |
| Jan.-Mar. . . | 68.5 | 52.8 | 38.4 | 2.6 | 35.8 | 32.7 | 15.7 | 17.0 | 52 |
| Apr.-June. . . | 71.9 | 56.5 | 43.5 | 2.9 | 40.6 | 31.3 | 15.4 | 15.9 | 56 |
| July-Sept. . . | 78.0 | 62.1 | 50.3 | 3.5 | 46.8 | 31.2 | 15.9 | 15.3 | 60 |
| Oct.-Dec. . . | 78.8 | 62.7 | 49.8 | 3.8 | 46.0 | 32.8 | 16.1 | 16.7 | 58 |
| 1970 | | | | | | | | | |
| Jan.-Mar. . . | 81.8 | 64.7 | 52.3 | 4.1 | 48.1 | 33.7 | 17.1 | 16.6 | 59 |
| Apr.-June. . . | 80.0 | 60.6 | 45.4 | 3.5 | 41.9 | 38.1 | 19.4 | 18.7 | 52 |
| July-Sept. . . | 79.0 | 58.0 | 43.0 | 3.3 | 39.7 | 39.3 | 21.0 | 18.3 | 50 |
| Oct.-Dec. . . | 71.2 | 51.5 | 30.8 | 2.4 | 28.4 | 42.8 | 19.7 | 23.1 | 40 |
| Lamb, Choice grade | | | | | | | | | |
| 1967..... | 87.4 | 62.8 | 54.4 | 5.8 | 48.6 | 38.8 | 24.6 | 14.2 | 56 |
| 1968..... | 93.6 | 68.2 | 60.0 | 6.4 | 53.6 | 40.0 | 25.4 | 14.6 | 57 |
| 1969..... | 102.2 | 74.8 | 66.9 | 7.6 | 59.3 | 42.9 | 27.4 | 15.5 | 58 |
| 1970..... | 107.5 | 73.8 | 65.2 | 6.3 | 58.9 | 48.6 | 33.7 | 14.9 | 55 |
| 1969 | | | | | | | | | |
| Jan.-Mar. . . | 96.7 | 71.6 | 64.7 | 8.3 | 56.4 | 40.3 | 25.1 | 15.2 | 58 |
| Apr.-June. . . | 101.0 | 77.2 | 67.8 | 7.9 | 59.9 | 41.1 | 23.8 | 17.3 | 59 |
| July-Sept. . . | 105.2 | 76.3 | 67.6 | 6.9 | 60.7 | 44.5 | 28.9 | 15.6 | 58 |
| Oct.-Dec. . . | 105.8 | 74.2 | 67.5 | 7.3 | 60.2 | 45.6 | 31.6 | 14.0 | 57 |
| 1970 | | | | | | | | | |
| Jan.-Mar. . . | 106.6 | 73.6 | 68.0 | 7.9 | 60.1 | 46.5 | 33.0 | 13.5 | 56 |
| Apr.-June. . . | 107.0 | 73.5 | 65.4 | 6.5 | 58.9 | 48.1 | 33.5 | 14.6 | 55 |
| July-Sept. . . | 108.2 | 75.0 | 65.9 | 5.6 | 60.3 | 47.9 | 33.2 | 14.7 | 56 |
| Oct.-Dec. . . | 108.1 | 73.3 | 61.3 | 5.5 | 55.8 | 52.3 | 34.8 | 17.5 | 52 |

1/ Estimated weighted average price of retail cuts. 2/ For quantity equivalent to 1 lb. of retail cuts: Beef: 1.41 lb. of carcass beef; pork, 1.07 lb. of wholesale cuts; lamb, 1.18 lb. of carcass lamb. 3/ Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef, 2.28 lb.; pork, 1.97 lb.; lamb, quantity varies by months from 2.42 lb. in May to 2.48 lb. in October. 4/ Portion of gross farm value attributed to edible and inedible byproduct. 5/ Gross farm value minus byproduct allowance.

Potatoes and onions showed the largest decrease in farm and retail prices.

Compared with a year earlier, the retail cost of the fresh vegetable group in the fourth quarter averaged 4.6 percent lower, farm value 25 percent lower, and the farm-retail spread 6.4 percent wider.

Fresh Fruit: As seasonally large supplies of apples and citrus became available in the fourth quarter of last year, the retail cost of fresh fruits in the market basket averaged 12.3 percent lower than in the previous quarter. The farm value decreased 8.5 percent and the marketing spread decreased 13.9 percent because of sharply narrower spreads for apples and grapefruit.

Despite the drop in prices in the fourth quarter, the retail cost of fresh fruit averaged 6.7 percent higher than a year earlier, farm value 11.5 percent higher, and farm-retail spreads 4.8 percent wider.

Eggs: Production of eggs in the fourth quarter of 1970 rose about 2 percent above a year earlier. The increased supply along with an apparent reduction in demand for shell eggs caused a sharp drop in prices both at farm and retail levels. Retail prices for Grade A large eggs dropped 12.4 cents to 57.3 cents per dozen. However, returns to farmers dropped even more -- by 14.6 cents to

34.5 cents per dozen. Thus, the farm-retail spread for eggs, relatively stable most years, widened by 2.2 cents.

Bread: Widening marketing spreads continued to push bread prices higher in 1970. The retail price for a 1-pound loaf of white bread averaged 24.2 cents last year, 1.2 cents above 1969. Although this was the largest increase since 1951, the rate of increase in the price of bread for 1970 (5.2 percent) was about the same as the rise in average food prices.

The total farm-retail price spread for bread widened 6.1 percent in 1970, and accounted for nearly all of the retail price increase. The baking-wholesaling component of the spread rose 4.9 percent and the retailing component rose 8 percent. Although the retailer's spread increased at the fastest rate, the absolute increase in the baker-wholesaler spread was more than for any other segment, accounting for 0.6 cent of the 1.2 cent increase in retail price.

The farm value of all ingredients in a 1-pound loaf averaged 3.4 cents last year, up 0.1 cent from 1969. While retail bread prices have been going up, the farm value of ingredients has been relatively stable, ranging between 3.3 and 3.6 cents the past 5 years.



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IMPACT OF EMERGING FARM POLICY TRENDS ON THE DOMESTIC GRAIN INDUSTRY FOR THE 1970'S ^{1/}

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ABSTRACT: Reduced Government participation in grain production and marketing; and a generally freer movement of commodities are the apparent new trends in farm policy for the 1970's. Growth of population, rising incomes, and foreign trade policies are the factors that will most largely affect the size of grain markets in this decade. Farm policies and expanding markets will influence the types of grains produced and marketed, the location of production and consuming centers, and the total volumes of grain produced and marketed. These changes, in turn, will have a significant impact on other sectors of our economy.

KEY WORDS: Farm policy, grain, production, grain marketing.

Farm Policy Trends

Long-run trends in farm policy appear to be toward reduced Government participation in farm production and marketing and generally freer movement of farm commodities.

This is evidenced by a general lowering of price support levels during the 1960's, more flexible production adjustment provisions, and increased production and marketing alternatives for producers. The Agricultural Act of 1970 shows further movement along these lines, particularly with regard to land use.

These trends in farm policy provide a challenge, as well as an opportunity, for future growth and development of the grain industry in the coming decade. The 1970's will be a period of expanding markets. The size of the market will be determined largely by a variety of external factors--particularly those related to the rate of economic growth and volume of foreign trade. Some of these factors can be projected with more confidence than can farm policies--some, unfortunately, are less certain.

External Forces

Population Change: Gains in population and income are among the more important external factors affecting the domestic market and, indirectly, the outcome of changing farm policies. In the next 10 years, U.S. population is projected to increase over 15 percent and disposable personal income to more than double. ^{2/} Population growth is an important economic indicator for two reasons: It is the most important factor affecting the demand for food, and it determines the size of the labor force, a key factor in economic growth. Increased demand for grain is reflected directly in its use in grain food products and as a feed ingredient for livestock and poultry.

The volume of grain production in the 1970's will have to increase substantially if the growing demand for both food and feed grains is to be met. Although per capita consumption of grain food products has been trending downward in recent years, increases in population will more than offset this decline if present trends continue. Recent reports

^{1/} This article is based primarily on a speech presented by Dr. William A. Faught, Chief, Fibers and Grain Branch, Marketing Economics Division, to the Great Plains Agricultural Council, Albuquerque, N. M., July 30, 1970.

^{2/} Demand and Price Situation, ERS, USDA, May 1970.

project total consumption of food grains in the United States to rise from about 22 million tons in 1967-69 to over 25 million tons by 1980. ^{3/}

Rising Incomes: At the same time, rising incomes will support further substitution of animal products for declining per capita consumption of grain. Per capita consumption of beef and veal will increase from the present 112 pounds to about 130 pounds by 1980. ^{4/} In terms of total consumption, allowing for population growth, this means that the output of the meat products industry must increase by at least a third by 1980. Present and projected demand for livestock products, combined with increased feeding rates, provide an enormous potential for the grain industry in the coming decade. However, the growth in domestic demand for meat may be partially offset by the growing consumer concern over food prices. This has led to discussions to liberalize meat import quotas and to allow cattle to be grazed on idle areas.

Foreign Trade: The future level of U.S. exports is difficult to assess. This is especially true in the absence of any long-term U.S. and foreign agreements regarding trade and foreign aid. Exports of certain farm products doubtlessly will be stimulated by competitive prices. However, price competition alone will not ensure larger exports. While foreign markets doubtlessly will expand greatly, our participation in these growing markets will depend upon factors beyond the scope of this article. Future farm policies of foreign countries will exert a major influence on their trade policies and, therefore, on our export levels. Foreign farm policies also will be influenced by our own policies. While we're currently headed for the highest fiscal year value of farm exports on record the long-term outlook is still uncertain.

Impacts on Grain Industry

Emerging farm policy and expanding demand are likely to affect the grain trade in three ways: On the types of

grain produced and marketed, on the location of production and consuming centers, and on total volumes.

Types of Grain: The effects of freer and generally lower prices appear likely to vary among grains. For example, the effect of a proportionate reduction in prices for traditional food grains is likely to be quite different than that for feed grains. The inelastic demand for wheat for domestic food purposes is likely to sharply limit the influence of lower prices on the volume utilized for that purpose. However, if wheat prices are at a level where wheat can be substituted economically for corn or other food grains, a very large increase in wheat feeding is likely to occur. The trend toward the substitution of wheat for traditional feed grains is currently strong, and latest estimates show that about 17 percent of the 1970 wheat crop will be used in livestock feeding, compared with an average of about 8 percent annually for the 1964-68 period. Feeding of wheat appears to offer a real opportunity for expanding utilization of this grain in coming years, and the recent trend is expected to continue. The value of wheat as a feed, therefore, is likely to be of increasing importance in establishing prices in domestic markets. Nevertheless, acreage and production of wheat may be expected to increase in total.

Location of Production and Consumption: Policy trends encouraging more flexibility in production by farmers participating in government programs and freer commodity movement will most likely result in shifts in production among regions. Greater freedom to plant will enable producers to take advantage of regional differences in production costs and efficiencies. As a result, production of each crop will tend to shift to least-cost areas in competition with alternative enterprises.

These shifts in production, however, will not necessarily be uniform even within regions, with some regions experiencing a high proportion of unused crop-

^{3/} Op. cit.

^{4/} Op. cit.

land. For example, for the Great Plains Region, most recent studies have shown that under conditions of a "free market," a general increase in wheat and soybean production and a moderate decrease in feed grain production would be expected to occur. 5/ Within this region, the Southern Plains would experience a substantial shift from feed grain production to wheat production. On the other hand, the Northern Plains, lacking competitive feed grain enterprises, would show a decline in both wheat and feed grain production and the amount of idle land would increase.

Shifts in the location of production among regions will require that operators of regional marketing facilities evaluate the potential impact of these shifts in terms of their capacities and levels of operation. Adjustments may be needed both in transportation and in storage and handling facilities. For example, while total U.S. grain storage capacity is more than adequate to need projected requirements, shifting production centers may result in undercapacity in some areas, with increasing overcapacity in others. Transportation facilities would also have to respond to shifts in demand for service.

Recent trends in the location of grain-consuming centers--feedlots, grain and oil mills, and possibly export markets --may also be affected. These consuming centers, which have tended to locate near production centers, may respond to the shifts in production. Requirements for export facilities are likely to increase at locations near expanding production areas. The recent trend for flour mills to locate near urban centers appears unlikely to change as long as the present transportation rate structure prevails. However, some changes within regions may occur in response to changes in the location of wheat supplies.

Thus, the net result of shifts in producing and consuming centers may be a contraction of market areas, with resulting increases in demand for marketing services. In addition, some traditional marketing facilities and services which have been bypassed or under-utilized in past years may be stimulated.

Total Grain Production: Expanding demand, in combination with relaxed production controls, should result in substantially higher total volumes of grain produced and marketed. Although varying among areas, this expanded volume will result in an increased flow of grain through all segments of the grain marketing system and lead to a number of changes in facilities and practices.

Operators of grain storage and handling facilities should be favorably affected. In recent years, there has been a general overcapacity in the grain storage industry, resulting in high storage and handling costs per bushel. Expanded volumes of grain flowing through these facilities should, on the average, result in a fuller utilization of existing facilities and subsequent reductions in per bushel costs.

Expanding volumes may further intensify the transportation problem. The problem will involve not only physical equipment but also location of rail cars and scheduling of shipments. Recent introduction of new high-capacity grain transportation equipment has helped to lower transport costs. However, shortages of this type of equipment still persist and may accelerate with increasing volumes of grain produced and marketed.

If it is assumed that the trend toward lower loan levels is continued, we can expect a declining volume of commodity

5/ Mayer, L. V., and Heady, E. O. Projected State and Regional Resource Requirements for Agriculture in the United States in 1980, Iowa State University, Ames, Iowa, June 1969.

loans and purchase by the Federal Government and a larger share of grain inventories to be carried by the industry. While lower prices will act to reduce the total cost of carrying inventories, the cost to the trade will be increased. Also, a reduction of government supports will increase the risk of price changes, which will increase the cost of doing business. Hedging can offset much of the risk for merchants, but the cost of hedging plus the basis risk and the risk due to varying quality differentials will act to push up costs. As a byproduct, the volume of futures trading should rise, and the effectiveness of futures markets as a pricing mechanism should improve.

Impacts on U.S. Economy

Finally, changes in agricultural policies and expenditures in the national system of priorities will have a significant impact upon economic growth. Farm policies enacted in the 1970's to ensure a prosperous and growing grain industry will provide benefits to many other segments of our economy. Today, for example, for every \$1 billion of grain products delivered to final users, more than \$2 billion of total economic activity is generated. ^{6/} This includes almost \$100 million of input from the fertilizer and chemical industry, over \$90 million of merchandising services, and about \$40 million for transportation of inputs. The impact of these changes will, of course, be greatest in those communities located in producing areas most directly affected.

^{6/} Data based on Input-Output Structure of the U.S. Economy: 1963, United States Department of Commerce, Office of Business Economics, 1969.

THE ROLE OF RAILROADS IN HAULING FARM PRODUCTS ^{1/}

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: ABSTRACT: Shipments of agricultural products by rail have increased :
: moderately most years since 1954. However, the increases have been pri- :
: marily in semiperishable products, such as grains. Shipments of most :
: perishables have declined. Revenues from farm products tended to decline :
: over the 1954-69 period. In 1969, revenues from farm products were 87 :
: percent of the 1954 level while tonnages were 107 percent. Lower rates :
: for most agricultural products and the loss of considerable perishable :
: products traffic account for the drop in revenues. :
: KEY WORDS: Transportation, railroads, perishable and semiperishable farm :
: products. :
:

The marketing of agricultural products continues to exert considerable demand for transportation services. Farm production was 31 percent greater in 1969 than in 1954. In addition, there were changes in the location of agricultural production such as the shifting of a considerable amount of livestock feeding and poultry production from the major feed grain producing areas to other regions. The shifts of the meatpacking industry from large cities to the livestock producing areas affected the demand for transportation. These and other shifts in economic activity and changes in the competitive structure and behavior of the different transportation modes resulted in significant changes in the shares of the various modes of farm product traffic.

Total Intercity Freight Traffic

The movement of unprocessed agricultural products by motor trucks and of bulk agricultural products by barges is not subject to regulation by the Interstate Commerce Commission (ICC) in most cases. Many States also permit trucks to haul agricultural products with little or no economic regulation. Therefore,

adequate statistics on these movements are not available for comparison with those for rail. However, estimates of the total ton-miles of intercity freight by each mode are available from the ICC (table 5).

From 1946 to 1969 total ton-miles of intercity freight more than doubled. Railroads increased their traffic by only 30 percent while traffic by motor trucks nearly quadrupled. Inland water carriers and pipelines had growths of 144 and 328 percent, respectively, during this period. Airlines increased by 3341 percent, but their ton-miles of traffic in 1969 still was minor when compared with the other modes.

There was a steady decline in the share of intercity ton-miles of traffic hauled by railroads. In 1946 rail accounted for two-thirds of total traffic but the proportion had declined to 41 percent in 1969. Motor trucks increased their share from 9 percent to 21 percent. The inland water carriers' share increased from 14 percent to 16 percent, and pipelines increased from 11 percent to 22 percent. Airlines accounted for less than 0.2 percent of total traffic in 1969.

^{1/} This article updates a similar article published in the Marketing and Transportation Situation, November 1963.

Rail traffic has increased considerably since 1961. However, railroads have not shared in the increase in traffic at the same rate as other modes. Thus, while benefiting from the increased demand for transportation services, railroads have not been successful in maintaining their relative share of freight traffic.

Agriculture as a User of Rail Service

Unprocessed farm products are an important part of railroad's traffic. Between 1954 and 1969 shipments of unprocessed farm products by rail averaged 123 million tons per year or 9 percent of total carload freight traffic (table 6).

Table 5.--Estimated ton-miles of intercity freight traffic, public and private, by transport mode, 1946-69

| Year | Rail- roads | Motor trucks | Inland water carriers | Pipe lines | Air lines | Total <u>1/</u> |
|----------------------|----------------|-----------------|-----------------------------|---------------|--------------|-----------------|
| ----- Billions ----- | | | | | | |
| 1946 | 602 | 82 | 124 | 96 | .093 | 904 |
| 1947 | 665 | 102 | 147 | 105 | .158 | 1019 |
| 1948 | 647 | 116 | 162 | 120 | .223 | 1045 |
| 1949 | 535 | 127 | 139 | 115 | .235 | 916 |
| 1950 | 597 | 173 | 163 | 129 | .318 | 1063 |
| 1951 | 655 | 188 | 182 | 152 | .379 | 1178 |
| 1952 | 623 | 195 | 168 | 158 | .415 | 1144 |
| 1953 | 614 | 217 | 202 | 170 | .413 | 1204 |
| 1954 | 557 | 213 | 174 | 179 | .397 | 1123 |
| 1955 | 631 | 223 | 217 | 203 | .481 | 1275 |
| 1956 | 656 | 249 | 220 | 230 | .563 | 1355 |
| 1957 | 626 | 254 | 232 | 223 | .572 | 1335 |
| 1958 | 559 | 256 | 189 | 211 | .579 | 1215 |
| 1959 | 582 | 279 | 197 | 227 | .739 | 1286 |
| 1960 | 579 | 285 | 220 | 229 | .778 | 1314 |
| 1961 | 570 | 296 | 210 | 233 | .895 | 1310 |
| 1962 | 600 | 309 | 223 | 238 | 1.289 | 1371 |
| 1963 | 629 | 336 | 234 | 253 | 1.296 | 1454 |
| 1964 | 666 | 356 | 250 | 269 | 1.504 | 1543 |
| 1965 | 709 | 359 | 262 | 306 | 1.910 | 1639 |
| 1966 | 751 | 381 | 281 | 333 | 2.252 | 1747 |
| 1967 | 731 | 389 | 283 | 361 | 2.592 | 1765 |
| 1968 | 757 | 396 | 291 | 391 | 2.900 | 1839 |
| 1969 * | 780 | 404 | 302 | 411 | 3.200 | 1900 |

1/ Totals do not always add because of rounding.

Source: Annual reports of the Interstate Commerce Commission.

*Preliminary.

Table 6.--Rail freight tonnage, farm output and industrial production, 1954-69

| Year | Farm product traffic <u>1/</u> | Farm output <u>2/</u> | All carload traffic except farm products <u>3/</u> | Industrial production <u>4/</u> |
|---------|-----------------------------------|--------------------------|--|---------------------------------------|
| | 1,000 tons | Index 1967=100 | 1,000 tons | Index 1967=100 |
| 1954 .. | 110,971 | 90 | 1,106,034 | 86 |
| 1955 .. | 112,692 | 92 | 1,276,654 | 99 |
| 1956 .. | 116,504 | 95 | 1,324,433 | 103 |
| 1957 .. | 115,014 | 94 | 1,259,870 | 98 |
| 1958 .. | 123,218 | 100 | 1,062,733 | 83 |
| 1959 .. | 120,304 | 98 | 1,107,974 | 86 |
| 1960 .. | 124,205 | 101 | 1,113,235 | 87 |
| 1961 .. | 126,572 | 103 | 1,064,582 | 83 |
| 1962 .. | 127,103 | 103 | 1,104,312 | 86 |
| 1963 .. | 131,027 | 107 | 1,152,142 | 90 |
| 1964 .. | 131,432 | 107 | 1,221,685 | 95 |
| 1965 .. | 130,476 | 106 | 1,255,614 | 98 |
| 1966 .. | 144,586 | 118 | 1,303,266 | 102 |
| 1967 .. | 123,008 | 100 | 1,283,660 | 100 |
| 1968 .. | 115,965 | 94 | 1,314,476 | 102 |
| 1969 .. | 119,291 | 97 | 1,353,329 | 105 |

1/ Freight Commodity Statistics, Class I Railroads in the United States, Interstate Commerce Commission. Includes only those products listed under "Farm Products."

2/ Gross production of livestock and crops.

3/ Freight Commodity Statistics, Class I Railroads in the United States, Interstate Commerce Commission. Includes all carload traffic except "Farm Products."

4/ Federal Reserve Board index of quantity output.

These products generated a yearly average of \$1 billion in revenues for railroads, or 11 percent of railroad's total revenue from carload traffic (table 7). These figures do not include processed farm products such as animal feeds and other mill products, or canned and frozen foods, meats and other processed foods. These products averaged 90 million tons per year. Also substantial tonnages of farm machinery, fertilizer and other farm supplies add to agriculture's total demand for transportation.

Farm products ^{2/} have been a fairly steady source of traffic for railroads. During periods of decline in nonfarm shipments, the level of agricultural shipments has been maintained or increased. During 1960-62 nonfarm shipments averaged 85 percent of the 1967 level, while agricultural shipments averaged 102 percent of the 1967 level. This indicates that agricultural shipments have, to some degree, offset declines in nonfarm shipments.

Trends in rail revenues indicate that farm products are declining in importance as a source of revenue. Farm products accounted for 13 percent of total freight revenue in 1954, but declined to 10 percent in 1967 and 8 percent in 1969. These figures are indicative of a change in the quantities of different products hauled as well as substantial adjustments in rates for various commodities.

Shipments of farm products by rail have increased moderately most years since 1954. The trend in farm product traffic maintained a close relationship to farm output until 1965 (figure 1). Then the volume of grain hauled by railroads began to vary widely. In contrast there was considerable variation in the shipment of nonfarm products by railroads during 1954-69. There was a moderate increase in nonfarm traffic since 1961, but it compared poorly with the increase in industrial production (table 6).

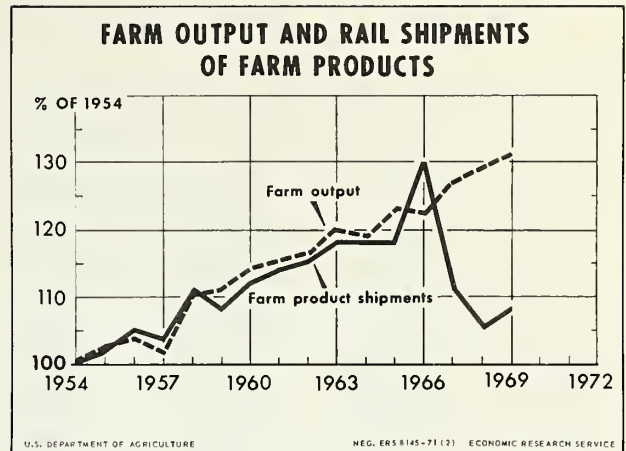


Figure 1

Rail Traffic in Semiperishable Farm Products

Between 1954 and 1969 railroads did quite well in competing for traffic in specific types of farm products, particularly bulky semiperishable commodities. Since 1954, 10 classes of semiperishable farm products, including grains, soybeans, sugarbeets, cotton, dry seeds and tobacco, accounted for an average of 8 percent of all rail traffic and 7 percent of all rail freight revenue (tables 8 and 9).

Grains have consistently made up a large part of farm product shipments by rail, accounting for 6 percent of all rail traffic during the 16-year period. Shipments of these products were 65 million tons in 1954, 101 million tons in 1966, and 78 million tons in 1969. The other 5 classes of semiperishable products also moved in considerable volume. About 20 million tons of these products went by rail in 1954, and 27 million tons in 1969.

From 1954 to 1969, rail shipments of 7 commodity classes increased in volume and 3 declined. Cotton decreased by 14 percent, oats by 31 percent, and tobacco

^{2/} Further reference to farm or agricultural products will be restricted to unprocessed products.

Table 7.--Rail freight revenue, cash receipts from farm marketings and gross national product 1954-69

| Year | Revenue from farm products | Cash receipts from farm marketing | Revenue from all carload traffic, except farm products | Gross national product |
|------|-------------------------------|--|--|------------------------------|
| | 1,000 Dollars | Index 1967=100 | 1,000 Dollars | Index 1967=100 |
| 1954 | 1,043,395 | 115 | 6,846,893 | 80 |
| 1955 | 1,026,909 | 113 | 7,630,567 | 89 |
| 1956 | 1,074,188 | 119 | 8,030,722 | 94 |
| 1957 | 1,076,845 | 119 | 8,042,822 | 94 |
| 1958 | 1,135,172 | 125 | 7,122,023 | 83 |
| 1959 | 1,067,923 | 118 | 7,452,138 | 87 |
| 1960 | 1,030,980 | 114 | 7,217,815 | 84 |
| 1961 | 1,002,256 | 111 | 6,986,612 | 81 |
| 1962 | 991,550 | 109 | 7,293,730 | 85 |
| 1963 | 1,010,448 | 111 | 7,474,150 | 86 |
| 1964 | 973,729 | 107 | 7,873,087 | 92 |
| 1965 | 936,390 | 103 | 8,288,747 | 97 |
| 1966 | 1,039,253 | 115 | 8,640,071 | 101 |
| 1967 | 906,484 | 100 | 8,585,626 | 100 |
| 1968 | 851,560 | 94 | 9,323,245 | 109 |
| 1969 | 908,251 | 100 | 9,892,890 | 115 |

*Preliminary

by 54 percent. In contrast, shipments of sorghum grain and soybeans about doubled.

Revenues were slightly higher for hauling semiperishables in 1969 than in 1954. However, revenues increased only 2.5 percent compared with an increase in volume of 23 percent.

The length of haul for most farm products carried by railroads has increased. Based on the latest available statistics from the ICC, most semiperishable farm products moved greater distances in 1966 than 1954. Of the 6 commodities with comparable data for the 2 years, 4 moved greater distances and 2 moved shorter distances. The average length of haul per ton of wheat was 334 miles in 1954 and 453 miles in 1966. Sorghum grain

increased from 341 miles to 544 miles. Soybeans decreased from 189 to 173 miles and sugarbeets decreased from 76 to 72 miles.

The expanded use of larger equipment, such as the 100-ton capacity covered hopper car, and incentive rates for larger shipments caused a considerable increase in the average load per car for most semiperishable commodities. The average load for grains increased from 53 tons in 1954 to 72 tons in 1969. The other 5 semiperishable commodities increased from 34 tons per car to 46. Cotton increased from 19 tons per car to 23. These figures indicate that the higher density products, such as the grains, increased in tons per car more than low density products. One notable exception was tobacco, which increased from 15 tons per car to 22.

Table 8.--Railroad traffic volume of 10 semiperishable classes of farm products, selected years

| Farm products | 1954 | 1958 | 1962 | 1966 | 1969 |
|---|-------------------|-----------|-----------|-----------|-----------|
| | <u>1,000 tons</u> | | | | |
| Wheat | 33,750 | 38,081 | 36,171 | 45,444 | 34,785 |
| Corn | 19,036 | 21,934 | 29,264 | 32,407 | 27,109 |
| Sugarbeets | 8,581 | 8,992 | 10,895 | 10,079 | 11,191 |
| Soybeans | 5,612 | 7,612 | 9,685 | 10,864 | 11,041 |
| Sorghum grain | 3,362 | 10,724 | 9,430 | 14,785 | 7,115 |
| Barley and rye | 5,470 | 8,119 | 5,640 | 5,698 | 6,083 |
| Cotton in bales | 4,228 | 4,120 | 3,714 | 3,966 | 3,650 |
| Oats | 3,558 | 3,287 | 2,527 | 2,516 | 2,460 |
| Dry ripe veg. seeds | 780 | 831 | 979 | 782 | 801 |
| Tobacco | 721 | 534 | 589 | 553 | 330 |
| Total | 85,055 | 104,234 | 108,894 | 127,094 | 104,565 |
| Total carload freight traffic | 1,217,005 | 1,185,951 | 1,231,415 | 1,447,852 | 1,472,619 |
| | <u>Percent</u> | | | | |
| Semiperishable products as a percentage of total carload freight revenue .. | 7.0 | 8.8 | 8.8 | 8.8 | 7.1 |

Table 9.--Railroad revenue from 10 semiperishable classes of farm products, selected years

| Farm products | 1954 | 1958 | 1962 | 1966 | 1969 |
|--|----------------------|-----------|-----------|-----------|------------|
| | <u>1,000 dollars</u> | | | | |
| Wheat | 213,721 | 260,965 | 220,000 | 276,732 | 218,798 |
| Corn | 112,004 | 143,147 | 159,356 | 145,189 | 120,396 |
| Cotton in bales | 59,826 | 56,503 | 49,823 | 50,245 | 49,054 |
| Sorghum grain | 21,651 | 70,424 | 56,522 | 83,481 | 44,368 |
| Barley and rye | 33,144 | 62,610 | 38,577 | 42,629 | 44,355 |
| Soybeans | 28,171 | 37,302 | 34,860 | 39,214 | 40,363 |
| Sugarbeets | 12,352 | 13,043 | 16,189 | 16,186 | 21,304 |
| Oats | 23,120 | 23,951 | 15,290 | 15,091 | 15,001 |
| Dry ripe veg. seeds | 10,607 | 10,667 | 10,796 | 9,039 | 9,444 |
| Tobacco | 8,340 | 6,003 | 5,943 | 5,148 | 3,524 |
| Total | 552,936 | 684,615 | 607,356 | 682,954 | 566,607 |
| Total carload freight revenue | 7,890,288 | 8,257,195 | 8,285,280 | 9,679,324 | 10,801,141 |
| | <u>Percent</u> | | | | |
| Revenues from semiperishable products as a percentage of total carload freight revenue | 7.0 | 8.3 | 7.3 | 7.1 | 5.2 |

On a percentage basis, only ripe vegetable seeds and sorghum grain had larger increases than tobacco. This may be attributed, in part, to the use of special purpose boxcars designed to haul a large number of hogsheads of tobacco per car.

Rail Traffic in Perishable Farm Products

Shipments of most highly perishable farm products declined sharply between 1954 and 1969 (table 10). The combined volume of 10 selected commodities declined by 40 percent. Livestock decreased from 4.63 million tons in 1954 to .95 million tons in 1968 or a decrease of 80 percent. Apples decreased by 48 percent and citrus by 33 percent. The only products showing gains were lettuce, 16 percent and onions, 11 percent.

Freight revenues from these products also declined, but not as much as tonnage. Revenues were 28 percent smaller in 1969 than in 1954 (table 11). Eight of the 10 classes of commodities had lower revenues. Livestock revenues declined by 76 percent, apples declined by 32 percent, and citrus by 30 percent. Revenues from onions increased 49 percent and lettuce by 27 percent. Some of the declines in carload traffic of perishable products may have been offset by increases in mixed loads in trailer-on-flatcars but no statistics are available on the type of commodities included in these shipments.

Perishable products tended to move greater distances over the 16-year period. Comparable data are available for only 3 of the commodities. Of these, potatoes increased from 1,153 miles per ton in 1954 to 1,357 miles per ton in 1966. Livestock increased from 750 miles per ton to 938 miles per ton, and citrus increased from 1,800 miles per ton to 2,036. These figures indicate that much of the volume lost to other modes consisted of shipments that move over shorter distances.

The average load per car for the 10 perishable farm products increased from 14 tons in 1954 to 23 tons in 1969. Melons and lettuce showed the greatest increase and apples and citrus the least increase. The increase in average load can be

attributed to heavier loading of cars, and the increased use of larger mechanical refrigerated cars.

Competition for the Railroad

As indicated in table 6 and figure 1, railroads have done quite well in maintaining their competitive position in the total movement of agricultural products, although they have lost considerable traffic in perishable commodities. Even the lowering of rates for some perishable commodities, such as livestock and citrus, has not prevented losses in this traffic. Since production, consumption, and exports of most agricultural products have increased, losses in volume of such perishable products as livestock and citrus by the railroads must have been captured by other modes or were shipped as processed farm products. For example, while livestock shipments by rail decreased by 80 percent from 1954 to 1969, shipments of processed meat and meat products by rail increased by 9 percent. Data from the U.S. Army Corps of Engineers indicate that barges moved considerable tonnage of grain in recent years. In 1968, barges moved in excess of 11 million tons of feed grains plus other commodities such as wheat and soybeans.

Total tonnage of grain moved by railroads showed considerable increases in the period from 1954 to 1969. This reflects increased grain production, off-farm sales and government shipments, and the adjustments of rail rates to meet truck and barge competition.

The average distance railroads haul grain increased from 325 miles per ton in 1954 to 429 miles per ton in 1966. This increase can be attributed to the loss of some short-haul traffic to motor trucks, shifts in the markets for feed grains from the areas of major production, and increased exports, requiring longer movements of grain to export points.

Three important factors contribute to the railroads' loss of perishable product traffic to motor trucks. First, the railroad advantage in rate-making is directly related to the distance that

Table 10.--Rail traffic volume of 10 perishable farm products, selected years

| Farm products | 1954 | 1958 | 1962 | 1966 | 1969 |
|--|------------|-----------|-----------|-----------|-----------|
| | 1,000 tons | | | | |
| Potatoes | 3,936 | 3,419 | 3,375 | 3,548 | 2,981 |
| Lettuce | 968 | 848 | 915 | 1,074 | 1,123 |
| Citrus | 1,635 | 1,112 | 954 | 1,129 | 1,103 |
| Livestock | 4,626 | 3,067 | 2,194 | 1,334 | 950 |
| Melons | 733 | 477 | 444 | 457 | 589 |
| Onions | 326 | 249 | 253 | 305 | 362 |
| Grapes | 370 | 306 | 343 | 391 | 309 |
| Tomatoes | 287 | 171 | 261 | 280 | 281 |
| Celery | 333 | 298 | 285 | 309 | 274 |
| Apples | 467 | 460 | 222 | 315 | 245 |
| Total | 13,681 | 10,407 | 9,246 | 9,142 | 8,217 |
| Total carload freight traffic .. | 1,217,005 | 1,185,951 | 1,231,415 | 1,447,852 | 1,472,619 |
| Perishable products as a percentage of total carload freight traffic | Percent | | | | |
| | 1.1 | 0.9 | 0.8 | 0.6 | 0.6 |

Table 11.--Railroad revenue from 10 classes of perishable farm products, selected years

| Farm products | 1954 | 1958 | 1962 | 1966 | 1969 |
|--|---------------|-----------|-----------|-----------|------------|
| | 1,000 dollars | | | | |
| Potatoes | 78,544 | 79,221 | 68,472 | 70,846 | 64,237 |
| Lettuce | 39,826 | 40,980 | 42,676 | 46,007 | 50,775 |
| Citrus | 53,660 | 38,110 | 30,463 | 37,162 | 37,851 |
| Melons | 27,711 | 20,788 | 20,921 | 18,200 | 24,087 |
| Livestock | 86,401 | 70,990 | 50,171 | 29,201 | 21,129 |
| Grapes | 16,644 | 15,131 | 16,441 | 17,183 | 13,772 |
| Onions | 7,862 | 7,811 | 7,156 | 8,906 | 11,753 |
| Celery | 14,485 | 13,803 | 11,026 | 11,443 | 11,417 |
| Apples | 16,118 | 17,489 | 8,326 | 12,417 | 11,001 |
| Tomatoes | 12,213 | 9,800 | 10,406 | 9,469 | 10,142 |
| Total | 353,464 | 314,123 | 266,058 | 260,834 | 256,164 |
| Total carload freight revenue .. | 7,890,288 | 8,257,195 | 8,285,280 | 9,679,324 | 10,801,141 |
| Revenues from perishables as a percentage of total car- load freight revenue | Percent | | | | |
| | 4.5 | 3.8 | 3.2 | 2.7 | 2.4 |

products move. Therefore, adjustments in long-haul rates to meet competition cannot be matched by adjustments in short-haul rates.

Second, movement of most agricultural products is exempt from economic regulation by the Interstate Commerce Commission when shipped by motor truck. The exemption applies not only to truckers who haul agricultural products exclusively but also to the common, contract, and private carriers. This permits a large amount of freedom for truckers in con-

tracting for agricultural shipments. Also, agricultural products are often available for a back-haul and the trucker can be persuaded to haul them at a low rate rather than return empty.

The third factor is the service advantages that motor trucks offer. Trucks can pick up and deliver products at a number of points for the same load. Firms without rail connection at their facilities can ship and receive products directly by truck, eliminating double handling. In many cases truck transportation is faster than movement by rail.

1. "The Egg Products Industry: Structure, Practices, and Costs, 1951-69," by Fred L. Faber, U.S. Dept. of Agr., Econ. Res. Ser., MRR-917, February 1971.

2. "Over-The-Road Costs of Hauling Bulk Milk," by Herbert H. Moede, U.S. Dept. of Agr., Economic Res. Service., MRR-919, January 1971.

3. "Agricultural Commodity Promotions: Features Encouraging Participation of Retailers and Wholesalers," by Peter L. Henderson and Ralph Parlett, U.S. Dept. of Agr., Econ. Res. Ser., MRR-911, October 1970.

4. "What Makes Food Prices?" U.S. Dept. of Agr., Econ. Res. Ser., ERS-308, Revised January 1971.

Unless otherwise indicated, items listed are Economic Research Service publications and single copies may be obtained free from the Division of Information, Office of Management Services, U.S. Department of Agriculture, Washington, D. C. 20250

Table 12.--Farm food products: Retail cost and farm value, October-December 1970, July-September 1970, October-December 1969, and 1957-59 average

| Product 1/ | Retail unit | Retail cost | | | | | | Net farm value 2/ | | | | | |
|-----------------------------------|----------------------|------------------------------|----------------------------|------------------------------|--------------------|----------------------------|----------------------------|------------------------------|----------------------------|------------------------------|--------------------|----------------------------|----------------------------|
| | | October- December 1970 | July- September 1970 | October- December 1969 | 1957-59 average | Percentage change from- | | October- December 1970 | July- September 1970 | October- December 1969 | 1957-59 average | Percentage change from- | |
| | | | | | | Oct.-Dec. 1970 | July- September 1970 | | | | | Oct.-Dec. 1970 | July- September 1970 |
| | | Dollars | Dollars | Dollars | Dollars | Percent | Percent | Dollars | Dollars | Dollars | Dollars | Percent | Percent |
| Market basket | | 1,214.23 | 1,234.51 | 3/1,199.42 | 982.65 | -1.6 | 1.2 | 448.21 | 482.17 | 489.71 | 387.87 | -7.0 | -8.5 |
| Meat products | | 365.87 | 379.50 | 369.38 | 85.05 | -3.6 | -1.0 | 174.63 | 205.34 | 205.30 | 154.47 | -15.0 | -14.9 |
| Dairy products | Average | 221.33 | 218.94 | 211.84 | 173.33 | 1.1 | 4.5 | 105.85 | 104.19 | 103.14 | 77.85 | 1.6 | 2.6 |
| Poultry and eggs | quantities purchased | 89.57 | 91.92 | 3/101.50 | 93.02 | -2.6 | -11.8 | 46.20 | 49.72 | 59.53 | 56.28 | -7.1 | -22.4 |
| Bakery and cereal products 4/ | per urban | | | | | | | | | | | | |
| All ingredients | wage-earner | 187.29 | 184.97 | 3/176.59 | 148.40 | 1.3 | 6.1 | 36.49 | 35.56 | 34.03 | 30.55 | 2.6 | 7.2 |
| Grain | and | -- | -- | -- | -- | -- | -- | 26.48 | 25.69 | 25.00 | 23.40 | 3.1 | 5.9 |
| All fruits and vegetables | clerical- | 252.75 | 263.48 | 3/249.77 | 202.96 | -4.1 | 1.2 | 60.82 | 65.41 | 67.58 | 50.05 | -7.0 | -10.0 |
| Fresh fruits and vegetables | worker | 124.04 | 135.95 | 3/124.60 | 91.15 | -8.8 | -4 | 35.79 | 40.97 | 41.16 | 28.70 | -12.6 | -13.0 |
| Fresh fruits | household | 48.94 | 55.81 | 3/ 45.86 | 36.26 | -12.3 | 6.7 | 14.69 | 16.05 | 13.18 | 12.26 | -8.5 | 11.5 |
| Fresh vegetables | in | 75.10 | 80.14 | 78.74 | 54.89 | -6.3 | -4.6 | 21.10 | 24.92 | 27.98 | 16.44 | -15.3 | -24.6 |
| Processed fruits and vegetables | 1960-61 | 128.71 | 127.53 | 3/125.17 | 111.81 | 0.9 | 2.8 | 25.03 | 24.44 | 26.42 | 21.35 | 2.4 | -5.3 |
| Fats and oils | | 42.09 | 41.15 | 3/ 38.14 | 37.56 | 2.3 | 10.4 | 14.01 | 11.92 | 10.33 | 11.19 | 17.5 | 35.6 |
| Miscellaneous products | | 55.33 | 54.55 | 52.20 | 42.33 | 1.4 | 6.0 | 10.21 | 10.03 | 9.80 | 7.48 | 1.8 | 4.2 |
| | | Cents | Cents | Cents | Cents | Percent | Percent | Cents | Cents | Cents | Cents | Percent | Percent |
| Beef, Choice grade | Pound | 97.4 | 100.1 | 96.3 | 74.4 | -2.7 | 1.1 | 57.9 | 63.4 | 58.0 | 51.3 | -8.7 | -2 |
| Lamb, Choice grade | Pound | 108.1 | 108.2 | 105.8 | 73.8 | -0.1 | 2.2 | 55.8 | 60.3 | 60.2 | 41.9 | -7.5 | -7.3 |
| Pork | Pound | 71.2 | 79.0 | 78.8 | 59.8 | -9.9 | -9.6 | 28.4 | 39.7 | 46.0 | 31.9 | -28.5 | -38.3 |
| Butter | Pound | 87.5 | 86.9 | 85.6 | 73.2 | .7 | 2.2 | 62.5 | 62.2 | 62.8 | 52.6 | 0.5 | -0.5 |
| Cheese, American process | 1/2 pound | 51.1 | 50.5 | 48.4 | 32.3 | 1.2 | 5.6 | 27.7 | 22.0 | 21.8 | 14.2 | 3.2 | 4.1 |
| Ice cream | 1/2 gallon | 85.3 | 85.2 | 3/ 82.2 | 84.2 | .1 | 3.8 | 28.6 | 28.3 | 28.1 | 21.0 | 1.1 | 1.8 |
| Milk, evaporated | 14 1/2-ounce can | 19.3 | 19.0 | 17.8 | 14.5 | 1.6 | 8.4 | 8.8 | 8.9 | 8.6 | 6.2 | -1.1 | 2.3 |
| Milk, fresh | | | | | | | | | | | | | |
| Home delivered | 1/2 gallon | 66.5 | 65.4 | 63.5 | 50.8 | 1.7 | 4.7 | 29.2 | 28.6 | 28.3 | 21.9 | 2.1 | 3.2 |
| Sold in stores | 1/2 gallon | 58.0 | 57.4 | 55.9 | 46.6 | 1.0 | 3.8 | 29.2 | 28.6 | 28.3 | 21.9 | 2.1 | 3.2 |
| Chickens, frying, ready-to-cook | Pound | 39.4 | 40.4 | 42.5 | 43.5 | -2.5 | -7.3 | 17.1 | 18.4 | 19.5 | 24.4 | -7.1 | -12.3 |
| Eggs, Grade A large | Dozen | 57.3 | 59.1 | 69.7 | 56.2 | -3.0 | -17.8 | 34.5 | 37.5 | 49.1 | 36.1 | -8.0 | -29.7 |
| Bread, white | | | | | | | | | | | | | |
| All ingredients | Pound | 24.7 | 24.5 | 23.3 | 18.9 | .8 | 6.0 | 3.5 | 3.4 | 3.3 | 3.0 | 2.9 | 6.1 |
| Wheat | Pound | -- | -- | -- | -- | -- | -- | 2.7 | 2.6 | 2.5 | 2.4 | 3.8 | 8.0 |
| Bread, whole wheat 5/ | Pound | 37.4 | 36.9 | -- | -- | 1.4 | -- | 3.1 | 3.0 | -- | -- | 3.3 | -- |
| Cookies, sandwich | Pound | 53.3 | 53.2 | 49.5 | -- | .2 | 7.7 | 5.1 | 4.8 | 4.5 | -- | 6.2 | 13.3 |
| Corn flakes | 12 ounces | 33.5 | 32.0 | 31.5 | 24.5 | 4.7 | 6.3 | 3.0 | 3.0 | 2.4 | 2.4 | -- | 25.0 |
| Flour, white | 5 pounds | 59.2 | 59.0 | 57.9 | 53.3 | .3 | 2.2 | 21.3 | 20.6 | 20.2 | 18.8 | 3.4 | 5.4 |
| Apples | Pound | 19.6 | 25.9 | 19.0 | 16.1 | -24.3 | 3.2 | 6.7 | 7.2 | 5.7 | 5.0 | -6.9 | 17.5 |
| Grapefruit | Each | 15.7 | 20.8 | 15.3 | 10.7 | -24.5 | 2.6 | 3.4 | 5.6 | 3.2 | 2.7 | -39.3 | 6.2 |
| Lemons | Pound | 32.2 | 30.6 | 31.3 | 18.4 | 5.2 | 2.9 | 9.9 | 8.6 | 10.6 | 4.2 | 15.1 | -6.6 |
| Oranges | Dozen | 94.4 | 90.1 | 84.2 | 66.0 | 4.8 | 12.1 | 21.7 | 22.1 | 19.4 | 23.2 | -1.8 | 11.9 |
| Cabbage | Pound | 11.9 | 13.3 | 12.8 | 8.7 | -10.5 | -7.0 | 3.0 | 3.5 | 4.6 | 2.4 | -14.3 | -34.8 |
| Carrots | Pound | 16.7 | 17.5 | 19.5 | 14.5 | -4.6 | -14.4 | 5.3 | 5.0 | 8.0 | 3.7 | 6.0 | -33.8 |
| Celery | Pound | 18.9 | 18.3 | 18.8 | 15.3 | 3.3 | .5 | 4.8 | 5.7 | 6.2 | 4.4 | -15.8 | -22.6 |
| Cucumbers | Pound | 23.0 | 20.1 | 25.1 | -- | 14.4 | -8.4 | 8.1 | 6.3 | 9.1 | -- | 28.6 | -11.0 |
| Lettuce | Head | 31.7 | 32.6 | 35.9 | 22.6 | -2.8 | -11.7 | 9.0 | 12.7 | 15.4 | 6.0 | -29.1 | -41.6 |
| Onions | Pound | 13.5 | 16.5 | 13.7 | 10.1 | -18.2 | -1.5 | 3.2 | 4.8 | 4.6 | 3.4 | -33.3 | -30.4 |
| Peppers, green | Pound | 37.5 | 36.9 | 42.4 | -- | 1.6 | -11.6 | 11.6 | 10.7 | 19.0 | -- | 8.4 | -38.9 |
| Potatoes | 10 pounds | 81.6 | 99.0 | 78.5 | 58.3 | -17.6 | 3.9 | 20.1 | 28.3 | 19.3 | 17.8 | -29.0 | 4.1 |
| Tomatoes | Pound | 41.2 | 36.2 | 44.9 | 30.1 | 13.8 | -8.2 | 15.1 | 12.2 | 19.3 | 10.6 | 23.8 | -21.8 |
| Peaches, canned | No. 2 1/2 can | 36.1 | 35.7 | 33.9 | 34.3 | 1.1 | 6.5 | 6.3 | 6.1 | 5.9 | 6.1 | 3.3 | 6.8 |
| Pears, canned | No. 2 1/2 can | 51.3 | 49.8 | 49.2 | -- | 3.0 | 4.3 | 11.6 | 9.9 | 8.3 | -- | 17.2 | 39.8 |
| Beets, canned | No. 303 can | 19.1 | 18.8 | 18.2 | -- | 1.6 | 4.9 | 1.3 | 1.4 | 1.4 | -- | -7.1 | -7.1 |
| Corn, canned | No. 303 can | 24.8 | 24.6 | 24.0 | 17.8 | .8 | 3.3 | 2.9 | 3.0 | 3.0 | 2.4 | 0 | -3.3 |
| Peas, canned | No. 303 can | 25.8 | 25.2 | 25.1 | 21.0 | 2.4 | 2.8 | 3.8 | 3.7 | 3.7 | 3.1 | 2.7 | 2.7 |
| Tomatoes, canned | No. 303 can | 22.3 | 21.8 | 19.7 | 15.6 | 2.3 | 13.2 | 3.1 | 3.2 | 3.2 | 2.3 | -3.1 | -3.1 |
| Orange juice, concentrate, frozen | 6-ounce can | 21.8 | 22.3 | 23.8 | 23.4 | -2.2 | -8.4 | 7.3 | 7.3 | 11.3 | 8.2 | 0 | -35.4 |
| French fried potatoes, frozen | 9 ounces | 16.6 | 16.6 | 16.4 | -- | 0 | 1.2 | 2.7 | 2.9 | 2.9 | -- | -6.9 | -6.9 |
| Peas, frozen | 10 ounces | 21.4 | 21.2 | 21.0 | 19.9 | .9 | 1.9 | 3.8 | 3.7 | 3.6 | 3.2 | 2.7 | 5.6 |
| Beans, navy | Pound | 19.4 | 19.1 | 19.4 | 16.3 | 1.6 | 0 | 8.9 | 6.7 | 6.1 | 6.9 | 32.8 | 45.9 |
| Margarine | Pound | 31.1 | 30.1 | 28.0 | 27.4 | 3.3 | 11.1 | 10.2 | 8.5 | 7.2 | 7.8 | 20.0 | 41.7 |
| Peanut butter | 12-ounce jar | 48.9 | 47.9 | 46.8 | 41.4 | 2.1 | 4.5 | 16.9 | 16.5 | 16.5 | 14.1 | 2.4 | 2.4 |
| Salad and cooking oil | 24-ounce bottle | 58.7 | 57.9 | 52.2 | -- | 1.4 | 12.5 | 16.8 | 13.8 | 11.6 | -- | 21.7 | 44.8 |
| Vegetable shortening | 3 pounds | 91.6 | 89.8 | 82.8 | 90.4 | 2.0 | 10.6 | 35.8 | 29.8 | 25.0 | 28.2 | 20.1 | 43.2 |
| Sugar | 5 pounds | 66.6 | 5.5 | 62.4 | 54.5 | 1.7 | 6.7 | 26.8 | 26.3 | 25.8 | 20.2 | 1.9 | 3.9 |
| Spaghetti with sauce, canned | 15 1/2-ounce can | 18.9 | 18.6 | 17.9 | -- | 1.6 | 5.6 | 2.1 | 2.0 | 2.0 | -- | 5.0 | 5.0 |

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed value of byproducts obtained in processing.

3/ Many net farm value figures for July-September 1970 and October-December 1969 have been revised; figures in other columns revised as indicated.

4/ For the bakery products group and the individual wheat products, the net farm value is based on the market price of wheat received by farmers plus the cost of the marketing certificate to millers. This cost equals the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.

5/ New series for 100 percent whole wheat bread which began in April 1970 is not comparable with earlier series for whole or cracked wheat bread.

Table 13.--Farm food products: Farm-retail spread and farmer's share of the retail cost, October-December 1970, July-September 1970, October-December 1969, and 1957-59 average.

| Product 1/ | Retail unit | Farm-retail spread 2/ | | | | | | Farmer's share | | | |
|--|---|-----------------------|-----------|----------|--------------------|-------------------|----------|----------------|-----------|----------|--------------------|
| | | October- | July- | October- | 1957-59 average | Percentage change | | October- | July- | October- | 1957-59 average |
| | | December | September | December | | Oct.-Dec. 1970 | | December | September | December | |
| | | 1970 | 1970 | 1969 | | from- | | 1970 | 1970 | 1969 | |
| | | | 3/ | 3/ | | July- | October- | | | | |
| | | | | | | September | December | | | | |
| | | | | | | 1970 | 1969 | | | | |
| | | Dollars | Dollars | Dollars | Dollars | Percent | Percent | Percent | Percent | Percent | Percent |
| Market basket | | 766.02 | 752.34 | 709.71 | 594.78 | 1.8 | 7.9 | 37 | 39 | 41 | 39 |
| Meat products | Average quantities purchased per urban wage-earner and clerical- worker household in 1960-61 | 191.24 | 174.16 | 164.08 | 130.58 | 9.8 | 16.6 | 48 | 54 | 56 | 54 |
| Dairy products | | 115.48 | 114.75 | 108.70 | 95.48 | .6 | 6.2 | 48 | 48 | 49 | 45 |
| Poultry and eggs | | 43.37 | 42.20 | 41.97 | 36.74 | 2.8 | 3.3 | 52 | 54 | 3/ 59 | 61 |
| Bakery and cereal products 4/ | | | | | | | | | | | |
| All ingredients | | 150.80 | 149.41 | 142.56 | 117.85 | .9 | 5.8 | 19 | 19 | 19 | 21 |
| Grain | | --- | --- | --- | --- | --- | --- | 14 | 14 | 14 | 16 |
| All fruits and vegetables | | 191.93 | 198.07 | 182.19 | 152.91 | -3.1 | 5.3 | 24 | 25 | 27 | 25 |
| Fresh fruits and vegetables .. | | 88.25 | 94.98 | 83.44 | 62.45 | -7.1 | 5.8 | 29 | 30 | 33 | 31 |
| Fresh fruits | | 34.25 | 39.76 | 32.68 | 24.00 | -13.9 | 4.8 | 30 | 29 | 3/ 29 | 34 |
| Fresh vegetables | | 54.00 | 55.22 | 50.76 | 38.45 | -2.2 | 6.4 | 28 | 31 | 36 | 30 |
| Processed fruits and vegetables | | 103.68 | 103.09 | 98.75 | 90.46 | .6 | 5.0 | 19 | 19 | 21 | 19 |
| Fats and oils | | 28.08 | 29.23 | 27.81 | 26.37 | -3.9 | 1.0 | 33 | 29 | 27 | 30 |
| Miscellaneous products | | 45.12 | 44.52 | 42.40 | 38.45 | 1.3 | 6.4 | 18 | 18 | 3/ 19 | 18 |
| | | Cents | Cents | Cents | Cents | Percent | Percent | Percent | Percent | Percent | Percent |
| Beef, Choice grade | Pound | 39.5 | 36.7 | 38.3 | 26.1 | 7.6 | 3.1 | 59 | 63 | 60 | 66 |
| Lamb, Choice grade | Pound | 52.3 | 47.9 | 45.6 | 31.9 | 9.2 | 14.7 | 52 | 56 | 57 | 57 |
| Pork | Pound | 42.8 | 39.3 | 32.8 | 28.0 | 8.9 | 30.5 | 40 | 50 | 58 | 53 |
| Butter | Pound | 25.0 | 24.7 | 22.7 | 20.6 | 1.2 | 10.1 | 71 | 72 | 73 | 72 |
| Cheese, American process | pound | 28.4 | 28.5 | 26.6 | 18.1 | -4 | 6.8 | 44 | 44 | 45 | 44 |
| Ice cream | gallon | 56.7 | 56.9 | 54.1 | 63.2 | -4 | 4.8 | 34 | 33 | 34 | 25 |
| Milk, evaporated | 14 1/2-ounce can | 10.5 | 10.1 | 9.2 | 8.3 | 4.0 | 14.1 | 46 | 47 | 48 | 43 |
| Milk, fresh | | | | | | | | | | | |
| Home delivered | gallon | 37.3 | 36.8 | 35.2 | 28.9 | 1.4 | 6.0 | 44 | 44 | 45 | 43 |
| Sold in stores | gallon | 28.8 | 28.8 | 27.6 | 24.7 | 0 | 4.3 | 50 | 50 | 51 | 47 |
| Chickens, frying, ready-to-cook .. | Pound | 22.3 | 22.0 | 23.0 | 19.1 | 1.4 | -3.0 | 43 | 46 | 46 | 56 |
| Eggs, Grade A large | Dozen | 22.8 | 21.6 | 20.6 | 20.1 | 5.6 | 10.7 | 60 | 63 | 70 | 64 |
| Bread, white | | | | | | | | | | | |
| All ingredients | Pound | 21.2 | 21.1 | 20.0 | 15.9 | .5 | 6.0 | 14 | 14 | 14 | 16 |
| Wheat | Pound | --- | --- | --- | --- | 0 | 0 | 11 | 11 | 11 | 13 |
| Bread, whole wheat 5/ | Pound | 34.3 | 33.9 | --- | --- | -1.2 | --- | 8 | 8 | 3/ -- | -- |
| Cookies, sandwich | Pound | 48.2 | 48.4 | 45.0 | --- | -4 | 7.1 | 10 | 9 | 9 | -- |
| Corn flakes | 12 ounces | 30.5 | 29.0 | 29.1 | 22.1 | 5.2 | 4.8 | 9 | 9 | 8 | 10 |
| Flour, white | 5 pounds | 37.9 | 38.4 | 37.7 | 34.5 | -1.3 | .5 | 36 | 35 | 35 | 35 |
| Apples | Pound | 12.9 | 18.7 | 13.3 | 11.1 | -31.0 | -3.0 | 34 | 28 | 3/ 30 | 31 |
| Grapefruit | Each | 12.3 | 15.2 | 12.1 | 8.0 | -19.1 | 1.7 | 22 | 27 | 21 | 25 |
| Lemons | Pound | 22.3 | 22.0 | 20.7 | 14.2 | 1.4 | 7.7 | 31 | 28 | 3/ 34 | 23 |
| Oranges | Dozen | 72.7 | 68.0 | 64.8 | 42.8 | 6.9 | 12.2 | 23 | 25 | 3/ 23 | 35 |
| Cabbage | Pound | 8.9 | 9.8 | 8.2 | 6.3 | -9.2 | 8.5 | 25 | 26 | 36 | 28 |
| Carrots | Pound | 11.4 | 12.5 | 11.5 | 10.8 | -8.8 | -.9 | 32 | 29 | 41 | 26 |
| Celery | Pound | 14.1 | 12.6 | 12.6 | 10.9 | 11.9 | 11.9 | 25 | 31 | 33 | 29 |
| Cucumbers | Pound | 14.9 | 13.8 | 16.0 | --- | 8.0 | -6.9 | 35 | 31 | 36 | -- |
| Lettuce | Head | 22.7 | 19.9 | 20.5 | 16.6 | 14.1 | 10.7 | 28 | 39 | 43 | 27 |
| Onions | Pound | 10.3 | 11.7 | 9.1 | 6.7 | -12.0 | 13.2 | 24 | 29 | 34 | 34 |
| Peppers, green | Pound | 25.9 | 26.2 | 23.4 | --- | -1.1 | 10.7 | 31 | 29 | 45 | -- |
| Potatoes | 10 pounds | 61.5 | 70.7 | 59.2 | 40.5 | -13.0 | 3.9 | 25 | 29 | 25 | 31 |
| Tomatoes | Pound | 26.1 | 24.0 | 25.6 | 19.5 | 8.8 | 2.0 | 37 | 34 | 43 | 35 |
| Peaches, canned | No. 2 1/2 can | 29.8 | 29.6 | 28.0 | 28.2 | .7 | 6.4 | 17 | 17 | 3/ 17 | 18 |
| Pears, canned | No. 2 1/2 can | 39.7 | 39.9 | 40.9 | --- | -.5 | -2.9 | 23 | 20 | 3/ 17 | -- |
| Beets, canned | No. 303 can | 17.8 | 17.4 | 16.8 | --- | 2.3 | 6.0 | 7 | 7 | 3/ 8 | -- |
| Corn, canned | No. 303 can | 21.9 | 21.7 | 21.0 | 15.4 | .9 | 4.3 | 12 | 12 | 12 | 13 |
| Peas, canned | No. 303 can | 22.0 | 21.4 | 21.4 | 17.9 | 2.8 | 2.8 | 15 | 15 | 15 | 15 |
| Tomatoes, canned | No. 303 can | 19.2 | 18.6 | 16.4 | 13.3 | 3.2 | 17.1 | 14 | 15 | 17 | 15 |
| Orange juice, concentrate, frozen | 6-ounce can | 14.5 | 15.0 | 12.5 | 15.2 | -3.3 | 16.0 | 33 | 33 | 47 | 35 |
| French fried potatoes, frozen | 9 ounces | 13.9 | 13.7 | 13.5 | --- | 1.5 | 3.0 | 16 | 17 | 18 | -- |
| Peas, frozen | 10 ounces | 17.6 | 17.5 | 17.4 | 16.7 | .6 | 1.1 | 18 | 17 | 17 | 16 |
| Beans, navy | Pound | 10.5 | 12.4 | 13.3 | 9.4 | -15.3 | -21.1 | 46 | 35 | 31 | 42 |
| Margarine | Pound | 20.9 | 21.6 | 20.8 | 19.6 | -3.2 | .5 | 33 | 3/ 28 | 26 | 28 |
| Peanut butter | 12-ounce jar | 32.0 | 31.4 | 30.3 | 27.3 | 1.9 | 5.6 | 35 | 34 | 35 | 34 |
| Salad and cooking oil | 24 oz. bottle | 41.9 | 44.1 | 40.6 | --- | -5.0 | 3.2 | 29 | 3/ 24 | 22 | -- |
| Vegetable shortening | 3 pounds | 55.8 | 60.0 | 57.8 | 62.2 | -7.0 | -3.5 | 39 | 3/ 33 | 30 | 31 |
| Sugar | 5 pounds | 39.8 | 39.2 | 36.6 | 34.3 | 1.5 | 8.7 | 40 | 3/ 40 | 3/ 41 | 37 |
| Spaghetti with sauce, canned | 15 1/2-ounce can | 16.8 | 16.6 | 15.9 | --- | 1.2 | 5.7 | 11 | 11 | 11 | -- |

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ The farm-retail spread is the difference between the retail cost and the net farm value shown in table on opposite page.

3/ Many farm-retail spread figures for July-September 1970 and October-December 1969 have been revised; figures in other columns revised as indicated.

4/ For the bakery products group and the individual wheat products, the farmer's share is based on the market price of wheat received by farmers plus the cost of the marketing certificate to millers. This cost is returned to farmers complying with the Wheat Program.

5/ New series for 100 percent whole wheat bread which began in April 1970 is not comparable with earlier series for whole or cracked wheat bread.

Table 14.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1969.

| Product ^{1/} | Farm equivalent | Retail unit | Retail cost | Gross farm value | Byproduct allowance ^{2/} | Net farm value | Farm-retail spread | Farmer's share |
|--|---|---|-------------|------------------|-----------------------------------|----------------|--------------------|----------------|
| | | | Dollars | Dollars | Dollars | Dollars | Dollars | Percent |
| Market basket | | | 1173.54 | --- | --- | 477.79 | 695.75 | 41 |
| Meat products | | | 355.84 | --- | --- | 201.22 | 154.62 | 57 |
| Dairy products | | | 208.25 | --- | --- | 100.82 | 107.43 | 48 |
| Poultry and eggs | | Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61 | 95.48 | --- | --- | 55.05 | 40.43 | 58 |
| Bakery and cereal products ^{3/} | Farm produce equivalent to products bought per urban wage-earner and clerical-worker household in 1960-61 | | 173.62 | --- | --- | 33.53 | 140.09 | 19 |
| All ingredients | | | --- | 30.02 | --- | 24.80 | --- | 14 |
| Grain | | | 251.33 | --- | 5.22 | 67.48 | 183.85 | 27 |
| All fruits and vegetables | | | 126.52 | --- | --- | 40.43 | 86.09 | 32 |
| Fresh fruits and vegetables | | | 50.28 | --- | --- | 15.35 | 34.93 | 31 |
| Fresh fruits | | | 76.24 | --- | --- | 25.08 | 51.16 | 33 |
| Fresh vegetables | | | 124.81 | --- | --- | 27.05 | 97.76 | 22 |
| Processed fruits and vegetables | | | 37.87 | 27.04 | 16.84 | 10.20 | 27.67 | 27 |
| Fats and oils | | | 51.15 | --- | --- | 9.49 | 41.66 | 19 |
| Miscellaneous products | | | | | | | | |
| | | | Cents | Cents | Cents | Cents | Cents | Percent |
| Beef, Choice grade | 2.28 lb. Choice grade cattle | Pound | 96.3 | 66.9 | 4.7 | 62.2 | 34.1 | 65 |
| Lamb, Choice grade | 2.45 lb. lamb | Pound | 102.2 | 66.9 | 7.6 | 59.3 | 42.9 | 58 |
| Pork | 1.97 lb. hogs | Pound | 74.3 | 45.5 | 3.2 | 42.3 | 32.0 | 57 |
| Butter | Cream and whole milk | Pound | 84.6 | 101.1 | 39.0 | 62.1 | 22.5 | 73 |
| Cheese, American process | Milk for American cheese | $\frac{1}{2}$ pound | 47.0 | 21.8 | .8 | 21.0 | 26.0 | 45 |
| Ice cream | Cream, milk, and sugar | gallon | 81.2 | --- | --- | 27.5 | 53.7 | 34 |
| Milk, evaporated | Milk for evaporating | $14\frac{1}{2}$ -ounce can | 17.6 | 8.8 | .2 | 8.6 | 9.0 | 49 |
| Milk, fresh | | | | | | | | |
| Home delivered | 4.39 lb. Class I milk | $\frac{1}{2}$ gallon | 62.3 | --- | --- | 27.6 | 34.7 | 44 |
| Sold in stores | 4.39 lb. Class I milk | gallon | 55.1 | --- | --- | 27.6 | 27.5 | 50 |
| Chickens, frying, ready-to-cook | 1.37 lb. broiler | Pound | 42.2 | --- | --- | 20.8 | 21.4 | 49 |
| Eggs, Grade A large | 1.03 dozen | Dozen | 62.1 | --- | --- | 41.3 | 20.8 | 67 |
| Bread, white | | | | | | | | |
| All ingredients | Wheat and other ingredients | Pound | 23.0 | --- | --- | 3.3 | 19.7 | 14 |
| Wheat | .877 lb. wheat | Pound | --- | 2.9 | .4 | 2.5 | --- | 11 |
| Bread, whole or cracked wheat | .703 lb. wheat | Pound | 31.4 | 2.4 | .2 | 3.2 | 28.2 | 10 |
| Cookies, sandwich | .528 lb. wheat | Pound | 49.8 | --- | --- | 4.5 | 45.3 | 9 |
| Corn flakes | 2.87 lb. yellow corn | 12 ounces | 31.3 | 4/ 5.9 | 3.3 | 2.6 | 28.7 | 8 |
| Flour, white | 6.8 lb. wheat | 5 pounds | 58.0 | 22.8 | 2.7 | 20.1 | 37.9 | 35 |
| Apples | 1.04 lb. apples | Pound | 23.9 | --- | --- | 8.0 | 15.9 | 33 |
| Grapefruit | 1.03 grapefruit | Each | 15.2 | --- | --- | 3.4 | 11.8 | 22 |
| Lemons | 1.04 lb. lemons | Pound | 29.0 | --- | --- | 9.7 | 19.3 | 33 |
| Oranges | 1.03 doz. oranges | Dozen | 83.6 | --- | --- | 18.9 | 64.7 | 23 |
| Cabbage | 1.08 lb. cabbage | Pound | 12.4 | --- | --- | 3.7 | 8.7 | 30 |
| Carrots | 1.03 lb. carrots | Pound | 17.9 | --- | --- | 6.5 | 11.4 | 36 |
| Celery | 1.08 lb. celery | Pound | 18.6 | --- | --- | 6.3 | 12.3 | 34 |
| Cucumbers | 1.09 lb. cucumbers | Pound | 27.2 | --- | --- | 9.3 | 17.9 | 34 |
| Lettuce | 1.88 lb. lettuce | Head | 31.1 | --- | --- | 11.5 | 19.6 | 37 |
| Onions | 1.06 lb. onions | Pound | 13.7 | --- | --- | 3.9 | 9.8 | 28 |
| Peppers, green | 1.09 lb. peppers | Pound | 41.8 | --- | --- | 15.9 | 25.9 | 38 |
| Potatoes | 10.42 lb. potatoes | 10 pounds | 81.4 | --- | --- | 23.4 | 58.0 | 29 |
| Tomatoes | 1.18 lb. tomatoes | Pound | 42.1 | --- | --- | 15.6 | 26.5 | 37 |
| Peaches, canned | 1.60 lb. Calif. cling peaches | No. 2 $\frac{1}{2}$ can | 34.4 | --- | --- | 6.0 | 28.4 | 17 |
| Pears, canned | 1.85 lb. pears for canning | No. 2 $\frac{1}{2}$ can | 50.1 | --- | --- | 9.6 | 40.5 | 19 |
| Beets, canned | 1.24 lb. beets for canning | No. 303 can | 18.2 | --- | --- | 1.5 | 16.7 | 8 |
| Corn, canned | 2.495 lb. sweet corn | No. 303 can | 23.8 | --- | --- | 3.0 | 20.8 | 13 |
| Peas, canned | .69 lb. peas for canning | No. 303 can | 24.9 | --- | --- | 3.7 | 21.2 | 15 |
| Tomatoes, canned | 1.84 lb. tomatoes for canning | No. 303 can | 19.6 | --- | --- | 3.6 | 16.0 | 18 |
| Orange juice, concentrate, frozen .. | 3.74 lb. oranges | 6-ounce can | 24.1 | --- | --- | 10.9 | 13.2 | 45 |
| French fried potatoes, frozen | 1.38 lb. potatoes | 9 ounces | 16.2 | --- | --- | 3.1 | 13.1 | 19 |
| Peas, frozen | .70 lb. peas for freezing | 10 ounces | 21.0 | --- | --- | 3.6 | 17.4 | 17 |
| Beans, navy | 1.00 lb. Mich. dry beans | Pound | 19.6 | --- | --- | 7.6 | 12.0 | 39 |
| Margarine | Soybeans, cottonseed, and milk | Pound | 27.8 | 19.4 | 12.3 | 7.1 | 20.7 | 26 |
| Peanut butter | 1.33 lb. peanuts | 12-ounce jar | 45.9 | --- | --- | 16.0 | 29.9 | 35 |
| Salad and cooking oil | Soybeans, cottonseed, and corn | 24-oz. bottle | 52.0 | 44.1 | 32.5 | 11.6 | 40.4 | 22 |
| Vegetable shortening | Soybeans and cottonseed | 3 pounds | 82.6 | 68.7 | 43.9 | 24.8 | 57.8 | 30 |
| Sugar | Sugar beets and cane | 5 pounds | 62.0 | 27.0 | 1.6 | 5/ 25.4 | 5/ 36.6 | 5/ 41 |
| Spaghetti with sauce, canned | Wheat, tomatoes, cheese, sugar | $15\frac{1}{4}$ -ounce can | 17.5 | --- | --- | 2.1 | 15.4 | 12 |

^{1/} Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.^{2/} Gross farm value adjusted to exclude imputed values of byproducts obtained in processing. ^{3/} For the bakery products group and the individual wheat products, gross farm value, byproduct allowance, net farm value, and farmer's share are based on the market price of wheat received by farmers plus the cost of the marketing certificate to millers. This cost is returned to farmers complying with the Wheat Program. ^{4/} Based on market price of corn received by farmers; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program. ^{5/} Net farm value adjusted for Government payments to producers was 29.2 cents, farm-retail spread adjusted for Government processor tax was 33.9 cents, farmer's share of retail cost based on adjusted farm value was 47 percent.

Table 15.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1970.

| Product ^{1/} | Farm equivalent | Retail unit | Retail cost | Gross farm value | Byproduct allowance | Net farm value ^{2/} | Farm-retail spread | Farmer's share |
|--|---|---|-------------|------------------|---------------------|------------------------------|--------------------|----------------|
| | | | Dollars | Dollars | Dollars | Dollars | Dollars | Percent |
| Market basket | | | 1,224.99 | -- | -- | 480.32 | 744.67 | 39 |
| Meat products | | | 375.50 | -- | -- | 202.56 | 172.94 | 54 |
| Dairy products | | | 218.30 | -- | -- | 104.73 | 113.57 | 48 |
| Poultry and eggs | | Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61 | 94.04 | -- | -- | 50.64 | 43.40 | 54 |
| Bakery and cereal products ^{3/} | Farm produce equivalent to products bought per urban wage-earner and clerical-worker household in 1960-61 | | 183.74 | -- | -- | 35.59 | 148.15 | 19 |
| All ingredients | | | -- | 31.33 | 5.65 | 25.68 | -- | 14 |
| Grain | | | 258.54 | -- | -- | 64.46 | 194.08 | 25 |
| All fruits and vegetables | | | 131.57 | -- | -- | 39.83 | 91.73 | 30 |
| Fresh fruits and vegetables | | | 50.05 | -- | -- | 14.11 | 35.94 | 28 |
| Fresh fruits | | | 81.52 | -- | -- | 25.72 | 55.80 | 32 |
| Fresh vegetables | | | -- | -- | -- | -- | -- | -- |
| Processed fruits and vegetables | | | 126.97 | -- | -- | 24.63 | 102.34 | 19 |
| Fats and oils | | | 40.63 | 29.03 | 16.76 | 12.27 | 28.36 | 30 |
| Miscellaneous products | | | 54.24 | -- | -- | 10.07 | 44.17 | 19 |
| | | | Cents | Cents | Cents | Cents | Cents | Percent |
| Beef, Choice grade | 2.28 lb. Choice grade cattle | Pound | 98.7 | 66.3 | 4.7 | 61.6 | 37.1 | 62 |
| Lamb, Choice grade | 2.45 lb. lamb | Pound | 107.5 | 65.2 | 6.3 | 58.9 | 48.6 | 55 |
| Pork | 1.97 lb. hogs | Pound | 78.0 | 42.9 | 3.4 | 39.5 | 38.5 | 51 |
| Butter | Cream and whole milk | Pound | 86.6 | 105.9 | 43.2 | 62.7 | 23.9 | 72 |
| Cheese, American process | Milk for American cheese | $\frac{1}{2}$ pound | 50.4 | 22.9 | .7 | 22.2 | 28.2 | 44 |
| Ice cream | Cream, milk, and sugar | gallon | 84.5 | -- | -- | 28.5 | 56.0 | 34 |
| Milk, evaporated | Milk for evaporating | $1\frac{1}{2}$ -ounce can | 18.7 | 9.1 | .2 | 8.9 | 9.8 | 48 |
| Milk, fresh | | | | | | | | |
| Home delivered | 4.39 lb. Class I milk | $\frac{1}{2}$ gallon | 65.3 | -- | -- | 28.7 | 36.6 | 44 |
| Sold in stores | 4.39 lb. Class I milk | $\frac{1}{2}$ gallon | 57.4 | -- | -- | 28.7 | 28.7 | 50 |
| Chickens, frying, ready-to-cook | 1.37 lb. broiler | Pound | 40.8 | -- | -- | 18.6 | 22.2 | 46 |
| Eggs, Grade A large | 1.03 dozen | Dozen | 61.4 | -- | -- | 38.3 | 23.1 | 62 |
| Bread, white | | | | | | | | |
| All ingredients | Wheat and other ingredients | Pound | 24.2 | -- | -- | 3.4 | 20.8 | 14 |
| Wheat | .877 lb. wheat | Pound | -- | 3.0 | .4 | 2.6 | -- | 11 |
| Bread, whole wheat ^{4/} | .618 lb. wheat | Pound | -- | -- | -- | -- | -- | -- |
| Cookies, sandwich | .528 lb. wheat | Pound | 52.2 | -- | -- | 4.9 | 47.3 | 9 |
| Corn flakes | 2.87 lb. yellow corn | 12 ounces | 32.2 | 5/ 6.5 | 4.2 | 2.8 | 29.4 | 9 |
| Flour, white | 6.8 lb. wheat | 5 pounds | 58.9 | 23.7 | 3.0 | 20.7 | 38.2 | 35 |
| Apples | 1.04 lb. apples | Pound | 21.9 | -- | -- | 6.2 | 15.7 | 28 |
| Grapefruit | 1.03 grapefruit | Each | 16.9 | -- | -- | 4.2 | 12.7 | 25 |
| Lemons | 1.04 lb. lemons | Pound | 31.2 | -- | -- | 8.9 | 22.3 | 29 |
| Oranges | 1.03 doz. oranges | Dozen | 86.4 | -- | -- | 20.3 | 66.1 | 23 |
| Cabbage | 1.08 lb. cabbage | Pound | 14.6 | -- | -- | 4.6 | 10.0 | 32 |
| Carrots | 1.03 lb. carrots | Pound | 17.7 | -- | -- | 5.3 | 12.4 | 30 |
| Celery | 1.08 lb. celery | Pound | 20.2 | -- | -- | 6.1 | 14.1 | 30 |
| Cucumbers | 1.09 lb. cucumbers | Pound | 27.8 | -- | -- | 10.1 | 17.7 | 36 |
| Lettuce | 1.88 lb. lettuce | Head | 29.9 | -- | -- | 9.4 | 20.5 | 31 |
| Onions | 1.06 lb. onions | Pound | 16.1 | -- | -- | 5.2 | 10.9 | 32 |
| Peppers, green | 1.09 lb. peppers | Pound | 52.4 | -- | -- | 20.8 | 31.6 | 40 |
| Potatoes | 10.42 lb. potatoes | 10 pounds | 89.7 | -- | -- | 25.7 | 64.0 | 29 |
| Tomatoes | 1.18 lb. tomatoes for canning | Pound | 42.0 | -- | -- | 15.0 | 27.0 | 36 |
| Peaches, canned | 1.60 lb. Calif. cling peaches | No. 2 $\frac{1}{2}$ can | 35.2 | -- | -- | 6.0 | 29.2 | 17 |
| Pears, canned | 1.85 lb. pears for canning | No. 2 $\frac{1}{2}$ can | 49.5 | -- | -- | 9.5 | 40.0 | 19 |
| Beets, canned | 1.24 lb. beets for canning | No. 303 can | 18.7 | -- | -- | 1.4 | 17.3 | 7 |
| Corn, canned | 2.495 lb. sweet corn | No. 303 can | 24.4 | -- | -- | 3.0 | 21.4 | 12 |
| Peas, canned | .69 lb. peas for canning | No. 303 can | 25.2 | -- | -- | 3.7 | 21.5 | 15 |
| Tomatoes, canned | 1.84 lb. tomatoes for canning | No. 303 can | 21.3 | -- | -- | 3.2 | 18.1 | 15 |
| Orange juice, concentrate, frozen .. | 1 lb. oranges | 6-ounce can | 22.5 | -- | -- | 7.8 | 14.7 | 35 |
| French fried potatoes, frozen | 1.38 lb. potatoes | 9 ounces | 16.6 | -- | -- | 2.8 | 13.8 | 17 |
| Peas, frozen | .70 lb. peas for freezing | 10 ounces | 21.2 | -- | -- | 3.7 | 17.5 | 17 |
| Beans, navy | 1.00 lb. Mich. dry beans | Pound | 19.2 | -- | -- | 7.2 | 12.0 | 38 |
| Margarine | Soybeans, cottonseed, and milk | Pound | 29.8 | 20.8 | 12.0 | 8.8 | 21.0 | 30 |
| Peanut butter | 1.33 lb. peanuts | 12-ounce jar | 47.7 | -- | -- | 16.4 | 31.3 | 34 |
| Salad and cooking oil | Soybeans, cottonseed, and corn | 24-ounce bottle | 56.6 | 47.7 | 33.3 | 14.4 | 42.2 | 25 |
| Vegetable shortening | Soybeans and cottonseed | 3 pounds | 88.7 | 73.9 | 42.8 | 30.8 | 57.9 | 35 |
| Sugar | Sugar beets and cane | 5 pounds | 64.8 | 28.1 | 1.7 | 6/ 26.4 | 6/ 38.4 | 6/ 41 |
| Spaghetti with sauce, canned | Wheat, tomatoes, cheese, sugar | 15 $\frac{1}{2}$ -ounce can | 18.5 | -- | -- | 2.0 | 16.5 | 11 |

^{1/} Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal. ^{2/} Gross farm value adjusted to exclude imputed values of byproducts obtained in processing. ^{3/} For the bakery products group and the individual wheat products, gross farm value, byproduct allowance, net farm value, and farmer's share are based on the market price of wheat received by farmers plus the cost of the marketing certificate to millers. This cost is returned to farmers complying with the Wheat Program. ^{4/} Annual data not available for new series. ^{5/} Based on market price of corn received by farmers; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program. ^{6/} Net farm value adjusted for Government payments to producers was 30.4 cents, farm-retail spread adjusted for Government processor tax was 35.7 cents, farmer's share of retail cost based on adjusted farm value was 47 percent.

Table 16.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, October-December 1970.

| Product 1/ | Farm equivalent | Retail unit | Retail cost | Gross farm value | Byproduct allowance | Net farm value 2/ | Farm-retail spread | Farmer's share |
|---------------------------------------|---|---|-------------|------------------|---------------------|-------------------|--------------------|----------------|
| | | | Dollars | Dollars | Dollars | Dollars | Dollars | Percent |
| Market basket | | | 1,214.23 | -- | -- | 448.21 | 766.02 | 37 |
| Meat products | | | 365.87 | -- | -- | 174.63 | 191.24 | 48 |
| Dairy products | | | 221.33 | -- | -- | 105.85 | 115.48 | 48 |
| Poultry and eggs | | Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61 | 89.57 | -- | -- | 46.20 | 43.37 | 52 |
| Bakery and cereal products 3/ | Farm produce equivalent to products bought per urban wage-earner and clerical-worker household in 1960-61 | | | | | | | |
| All ingredients | | | 187.29 | -- | -- | 36.49 | 150.80 | 19 |
| Grain | | | -- | 32.85 | 6.37 | 26.48 | -- | 14 |
| All fruits and vegetables | | | 252.75 | -- | -- | 60.82 | 191.93 | 24 |
| Fresh fruits and vegetables | | | 124.04 | -- | -- | 35.79 | 88.25 | 29 |
| Fresh fruits | | | 48.94 | -- | -- | 14.69 | 34.25 | 30 |
| Fresh vegetables | | | 75.10 | -- | -- | 21.10 | 54.00 | 28 |
| Processed fruits and vegetables | | | 128.71 | -- | -- | 25.03 | 103.68 | 19 |
| Fats and oils | | | 42.09 | 31.22 | 17.21 | 14.01 | 28.08 | 33 |
| Miscellaneous products | | | 55.33 | -- | -- | 10.21 | 45.12 | 18 |
| | | | Cents | Cents | Cents | Cents | Cents | Percent |
| Beef, Choice grade | 2.28 lb. Choice grade cattle | Pound | 97.4 | 62.4 | 4.5 | 57.9 | 39.5 | 59 |
| Lamb, Choice grade | 2.47 lb. lamb | Pound | 108.1 | 61.3 | 5.5 | 55.8 | 52.3 | 52 |
| Pork | 1.97 lb. hogs | Pound | 71.2 | 30.8 | 2.4 | 28.4 | 42.8 | 40 |
| Butter | Cream and whole milk | Pound | 87.5 | 107.3 | 44.8 | 62.5 | 25.0 | 71 |
| Cheese, American process | Milk for American cheese | $\frac{1}{2}$ pound | 51.1 | 23.6 | .9 | 22.7 | 28.4 | 44 |
| Ice cream | Cream, milk, and sugar | $\frac{1}{2}$ gallon | 85.3 | -- | -- | 28.6 | 56.7 | 34 |
| Milk, evaporated | Milk for evaporating | 14 $\frac{1}{2}$ -ounce can | 19.3 | 9.0 | .2 | 8.8 | 10.5 | 46 |
| Milk, fresh | | | | | | | | |
| Home delivered | 4.39 lb. Class I milk | $\frac{1}{2}$ gallon | 66.5 | -- | -- | 29.2 | 37.3 | 44 |
| Sold in stores | 4.39 lb. Class I milk | $\frac{1}{2}$ gallon | 58.0 | -- | -- | 29.2 | 28.8 | 50 |
| Chickens, frying, ready-to-cook | 1.37 lb. broiler | Pound | 39.4 | -- | -- | 17.1 | 22.3 | 43 |
| Eggs, Grade A large | 1.03 dozen | Dozen | 57.3 | -- | -- | 34.5 | 22.8 | 60 |
| Bread, white | | | | | | | | |
| All ingredients | Wheat and other ingredients | Pound | 24.7 | -- | -- | 3.5 | 21.2 | 14 |
| Wheat | .877 lb. wheat | Pound | -- | 3.1 | .4 | 2.7 | -- | 11 |
| Bread, whole wheat | .618 lb. wheat | Pound | 37.4 | -- | -- | 3.1 | 34.3 | 8 |
| Cookies, sandwich | .528 lb. wheat | Pound | 53.3 | -- | -- | 5.1 | 48.2 | 10 |
| Corn flakes | 2.87 lb. yellow corn | 12 ounces | 33.5 | 4/ 7.0 | 4.0 | 3.0 | 30.5 | 9 |
| Flour, white | 6.8 lb. wheat | 5 pounds | 59.2 | 24.8 | 3.5 | 21.3 | 37.9 | 36 |
| Apples | 1.04 lb. apples | Pound | 19.6 | -- | -- | 6.7 | 12.9 | 34 |
| Grapefruit | 1.03 grapefruit | Each | 15.7 | -- | -- | 3.4 | 12.3 | 22 |
| Lemons | 1.04 lb. lemons | Pound | 32.2 | -- | -- | 9.9 | 22.3 | 31 |
| Oranges | 1.03 doz. oranges | Dozen | 94.4 | -- | -- | 21.7 | 72.7 | 23 |
| Cabbage | 1.08 lb. cabbage | Pound | 11.9 | -- | -- | 3.0 | 8.9 | 25 |
| Carrots | 1.03 lb. carrots | Pound | 16.7 | -- | -- | 5.3 | 11.4 | 32 |
| Celery | 1.08 lb. celery | Pound | 18.9 | -- | -- | 4.8 | 14.1 | 25 |
| Cucumbers | 1.09 lb. cucumbers | Pound | 23.0 | -- | -- | 8.1 | 14.9 | 35 |
| Lettuce | 1.88 lb. lettuce | Head | 31.7 | -- | -- | 9.0 | 22.7 | 28 |
| Onions | 1.06 lb. onions | Pound | 13.5 | -- | -- | 3.2 | 10.3 | 24 |
| Peppers, green | 1.09 lb. peppers | Pound | 37.5 | -- | -- | 11.6 | 25.9 | 31 |
| Potatoes | 10.42 lb. potatoes | 10 pounds | 81.6 | -- | -- | 20.1 | 61.5 | 25 |
| Tomatoes | 1.18 lb. tomatoes | Pound | 41.2 | -- | -- | 15.1 | 26.1 | 37 |
| Peaches, canned | 1.60 lb. Calif. cling peaches | No. 2 $\frac{1}{2}$ can | 36.1 | -- | -- | 6.3 | 29.8 | 17 |
| Pears, canned | 1.85 lb. pears for canning | No. 2 $\frac{1}{2}$ can | 51.3 | -- | -- | 11.6 | 39.7 | 23 |
| Beets, canned | 1.24 lb. beets for canning | No. 303 can | 19.1 | -- | -- | 1.3 | 17.8 | 7 |
| Corn, canned | 2.495 lb. sweet corn | No. 303 can | 24.8 | -- | -- | 2.9 | 21.9 | 12 |
| Peas, canned | .69 lb. peas for canning | No. 303 can | 25.8 | -- | -- | 3.8 | 22.0 | 15 |
| Tomatoes, canned | 1.84 lb. tomatoes for canning | No. 303 can | 22.3 | -- | -- | 3.1 | 19.2 | 14 |
| Orange juice, concentrate, frozen .. | 3.42 lb. oranges | 6-ounce can | 21.8 | -- | -- | 7.3 | 14.5 | 33 |
| French fried potatoes, frozen | 1.38 lb. potatoes | 9 ounces | 16.6 | -- | -- | 2.7 | 13.9 | 16 |
| Peas, frozen | .70 lb. peas for freezing | 10 ounces | 21.4 | -- | -- | 3.8 | 17.6 | 18 |
| Beans, navy | 1.00 lb. Mich. dry beans | Pound | 19.4 | -- | -- | 8.9 | 10.5 | 46 |
| Margarine | Soybeans, cottonseed, and milk | Pound | 31.1 | 22.4 | 12.2 | 10.2 | 20.9 | 33 |
| Peanut butter | 1.33 lb. peanuts | 12-ounce jar | 48.9 | -- | -- | 16.9 | 32.0 | 35 |
| Salad and cooking oil | Soybeans, cottonseed, and corn | 24-ounce bottle | 58.7 | 51.5 | 34.7 | 16.8 | 41.9 | 29 |
| Vegetable shortening | Soybeans and cottonseed | 3 pounds | 91.6 | 79.7 | 43.9 | 35.8 | 55.8 | 39 |
| Sugar | Sugar beets and cane | 5 pounds | 66.6 | 28.5 | 1.7 | 5/ 26.8 | 5/ 39.8 | 5/ 40 |
| Spaghetti with sauce, canned | Wheat, tomatoes, cheese, sugar | 15 $\frac{1}{2}$ -ounce can | 18.5 | -- | -- | 2.0 | 16.5 | 11 |

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

3/ For the bakery products group and the individual wheat products, gross farm value, byproduct allowance, net farm value, and farmer's share are based on the market price of wheat received by farmers plus the cost of the marketing certificate to millers. This cost is returned to farmers complying with the Wheat Program.

4/ Based on market price of corn received by farmers; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program.

5/ Net farm value adjusted for Government payments to producers was 30.7 cents, farm-retail spread adjusted for Government processor tax was 37.1 cents, farmer's share of retail cost based on adjusted farm value was 46 percent.

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